Fishery Products International
2000 Annual Report

CORPORATE PROFILE

Fishery Products International (FPI) is a global seafood enterprise with Canadian sales offices in Montréal, Toronto, Calgary, Vancouver, and St. John's; United States sales offices in Danvers and Seattle; European sales offices in Reading, England and Cuxhaven, Germany; and a sales office in Dalian, China. The Company also has an extensive brokerage and distribution network throughout North America and Europe.

FPI produces and markets a full range of seafood products, including cold water shrimp, snow crab, sea scallops, cod, flounder, sole, redfish, pollock, turbot, and haddock. In addition, the Company's seafood sourcing network provides customers with such popular seafood items as black tiger shrimp, Alaskan king crab, and farmed salmon. These products are sourced throughout North America, Southeast Asia, South America, and Europe. FPI's customers benefit from the Company's diversified international procurement activities, its ongoing product development, and its share of Atlantic Canadian shellfish and groundfish resources.

The Company's harvesting and processing operations include eleven deep sea trawlers, two deep sea seiners, six scallop vessels, a shrimp freezer trawler, two value-added processing plants, three primary groundfish processing plants, and six shellfish and pelagic processing plants. FPI employs 3,500 people.

FPI Limited shares are traded on The Toronto Stock Exchange.

FORWARD-LOOKING STATEMENTS

The Annual Report for 2000, including the Chairman's Message to Shareholders and the Management's Discussion and Analysis, contains various forward-looking statements. These statements contain words such as "anticipate," "could," "expect," "seek," "may," "intend," "will," and similar expressions that are based on current expectations, estimates, projections, and targets related to the markets in which FPI operates and with respect to its financial condition, results of operations, and the general business of the Company. By their very nature, forward-looking statements involve inherent risks and uncertainties that the forecasts, targets, and assumptions will not be achieved. Indeed, the forward-looking statements may differ materially from actual results or events.

Readers are cautioned, therefore, not to place undue reliance on these statements as a number of important factors could cause actual results to differ materially from those expressed in such forward-looking statements. Readers should also consult the Annual Information Form of the Company for further detailed information. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

CORPORATE PHILOSOPHY OF TEAMWORK AND INNOVATION

Corporate Commitment

FPI is committed to the values of quality, honesty, teamwork, and innovation.

Employee Teamwork

FPI is committed to achieving a spirit of employee teamwork which will result in a highly motivated, healthy, skilled, and safety-minded work force.

Shareholder Return

FPI is committed to earning a fair return for its shareholders based on its commitment to total quality relationships with its employees, customers, and suppliers.

Customer Innovation

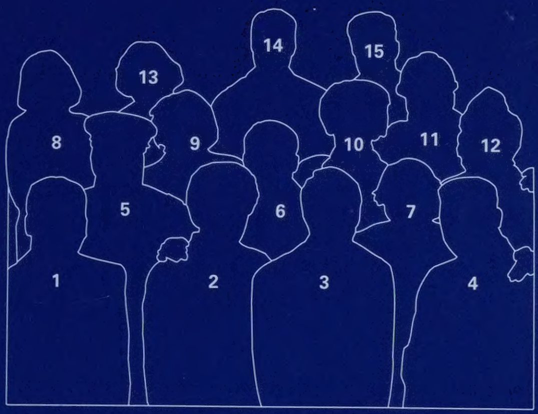
FPI is committed to providing the highest value to all of its customers by responding as an innovative team to their needs for quality and service.

Supplier Quality

FPI is committed to maintaining long-term relationships with suppliers based on high-quality products and equitable financial arrangements.

Environmental Leadership

FPI is committed to a responsive environmental program that proactively addresses issues related to its harvesting, processing, and marketing operations.



1. Gary Critch, Information Systems (St. John's)
2. Alice Riggs, Value-added Processing (Burin)
3. Mike Hawco, European Sales (St. John's)
4. Tony DeAndrade, Value-added Processing (Danvers)
5. Captain Joe Farrell, M/V Newfoundland Otter
6. Richard Ly, Product Development (St. John's)
7. Angela Bugden, Scallops (Riverport)
8. Wanda Landry, International Procurement (Danvers)
9. Catherine Comtois, Canadian Sales (Montréal)
10. Jackie Duffett, Snow Crab (Bonavista)
11. Mike Hackett, Groundfish Fleet (Marystown)
12. Donna Cluett, Groundfish (Marystown)
13. Marion Hynes, Accounting (St. John's)
14. Bruce Sweetland, Cold Water Shrimp (Port Union)
15. Kevin Cronan, USA Sales (Danvers)

Table of Contents

CORPORATE PROFILE

Fishery Products International (FPI) is a global seafood enterprise with Canadian sales offices in Montréal, Toronto, Calgary, Vancouver, and St. John's; United States sales offices in Danvers and Seattle; European sales offices in Reading, England and Cuxhaven, Germany; and a sales office in Dalian, China. The Company also has an extensive brokerage and distribution network throughout North America and Europe.

FPI produces and markets a full range of seafood products, including cold water shrimp, snow crab, sea scallops, cod, flounder, sole, redfish, pollock, turbot, and haddock. In addition, the Company's seafood sourcing network provides customers with such popular seafood items as black tiger shrimp, Alaskan king crab, and farmed salmon. These products are sourced throughout North America, Southeast Asia, South America, and Europe. FPI's customers benefit from the Company's diversified international procurement activities, its ongoing product development, and its share of Atlantic Canadian shellfish and groundfish resources.

The Company's harvesting and processing operations include eleven deep sea trawlers, two deep sea seiners, six scallop vessels, a shrimp freezer trawler, two value-added processing plants, three primary groundfish processing plants, and six shellfish and pelagic processing plants. FPI employs 3,500 people.

FPI Limited shares are traded on The Toronto Stock Exchange.

FORWARD-LOOKING STATEMENTS

The Annual Report for 2000, including the Chairman's Message to Shareholders and the Management's Discussion and Analysis, contains various forward-looking statements. These statements contain words such as "anticipate," "could," "expect," "seek," "may," "intend," "will," and similar expressions that are based on current expectations, estimates, projections, and targets related to the markets in which FPI operates and with respect to its financial condition, results of operations, and the general business of the Company. By their very nature, forward-looking statements involve inherent risks and uncertainties that the forecasts, targets, and assumptions will not be achieved. Indeed, the forward-looking statements may differ materially from actual results or events.

Readers are cautioned, therefore, not to place undue reliance on these statements as a number of important factors could cause actual results to differ materially from those expressed in such forward-looking statements. Readers should also consult the Annual Information Form of the Company for further detailed information. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

CORPORATE PHILOSOPHY OF TEAMWORK AND INNOVATION

Corporate Commitment

FPI is committed to the values of quality, honesty, teamwork, and innovation.

Employee Teamwork

FPI is committed to achieving a spirit of employee teamwork which will result in a highly motivated, healthy, skilled, and safety-minded work force.

Shareholder Return

FPI is committed to earning a fair return for its shareholders based on its commitment to total quality relationships with its employees, customers, and suppliers.

Customer Innovation

FPI is committed to providing the highest value to all of its customers by responding as an innovative team to their needs for quality and service.

Supplier Quality

FPI is committed to maintaining long-term relationships with suppliers based on high-quality products and equitable financial arrangements.

Environmental Leadership

FPI is committed to a responsive environmental program that proactively addresses issues related to its harvesting, processing, and marketing operations.

Five-Year Financial Summary

Years ended December 31,

dollars in thousands, except for per share data and statistics		2000	1999	1998	1997	1996
Income Statement:						
Sales	$	**723,153**	708,911	681,563	675,945	664,598
Operating expenses		**683,718**	676,515	655,206	651,675	643,492
Income before interest, taxes, depreciation, amortization, and unusual item		**39,435**	32,396	26,357	24,270	21,106
Depreciation and amortization		**9,525**	10,162	9,086	8,656	7,872
Income before interest, taxes, and unusual item		**29,910**	22,234	17,271	15,614	13,234
Interest		**6,742**	7,146	7,467	5,890	5,669
Unusual item		**–**	965	–	–	–
Income before taxes		**23,168**	14,123	9,804	9,724	7,565
Income taxes		**9,615**	6,404	4,828	3,984	3,274
Net income		**13,553**	7,719	4,976	5,740	4,291
Financial Position:						
Working capital	$	**133,276**	119,270	110,118	133,006	111,503
Capital assets		**93,622**	94,632	90,043	71,165	67,501
Total assets		**327,407**	331,308	345,826	349,937	300,862
Long-term debt		**62,275**	62,323	57,471	58,351	37,042
Shareholders' equity		**193,949**	181,315	178,248	177,936	175,755
Cash Flows:						
Additions to capital assets	$	**8,322**	14,101	24,517	9,445	11,615
Repayment of long-term debt		**8,439**	8,132	6,065	8,675	6,131
Issue of long-term debt		**10,000**	15,000	5,000	26,670	15,195
Repurchase of common shares		**3,141**	822	1,249	6,748	–
Dividends paid		**2,157**	1,822	–	–	–
Share Information:						
Per share ($):						
Basic earnings		**0.90**	0.51	0.32	0.36	0.26
Fully diluted earnings		**0.86**	0.49	0.32	0.36	0.26
Dividends		**0.14**	0.12	–	–	–
Book value		**12.96**	12.00	11.69	11.49	10.68
Number of shares outstanding (000s)		**14,961**	15,108	15,252	15,487	16,451
Statistics:						
Current ratio		**2.9:1**	2.3:1	2.0:1	2.1:1	2.2:1
Long-term debt as a % of capital structure		**24.3**	25.6	24.4	24.7	17.4
Number of active vessels		**20**	18	15	13	14
Number of active plants		**11**	11	11	10	10
Number of employees		**3,500**	3,400	3,400	3,200	3,000
Landings (tonnes):						
Groundfish		**26,300**	21,400	16,400	7,800	9,900
Shellfish		**27,100**	26,300	24,800	16,000	11,800
Other		**800**	1,500	2,800	3,300	3,300
Total		**54,200**	49,200	44,000	27,100	25,000
International procurement (tonnes):						
Groundfish fillets		**17,400**	15,500	15,300	15,700	14,500
Semi-processed groundfish		**400**	3,000	6,300	8,900	7,400
Raw shrimp		**2,600**	2,300	2,700	2,800	1,800
Value-added production (tonnes)		**29,000**	29,300	28,700	29,300	25,100

Chairman's Report to Shareholders

AN EXCEPTIONAL YEAR

In 2000, our FPI team of more than 3,500 people turned in a truly remarkable performance which is so clearly represented in our year-end financial results. Our results reflect the fifth consecutive year of solid profitability for FPI. Our net income in 2000 of $13.6 million (90¢ per share) represents our Company's best year since our transition into a global seafood enterprise following the loss of almost all of our groundfish supply in Newfoundland during the early 1990s.

Our net income in 2000 of $13.6 million (90¢ per share) represents our Company's best year since our transition into a global seafood enterprise.

Our sustained profitability has been achieved solely as a result of "people, teamwork, and innovation." We are very proud of our team and its achievements. We believe that the past year reflected the dedication, depth, integrity, reliability, and strength of the people of FPI. Their experience, knowledge, and approach to innovation are second to none in the international seafood business.

Our profitability and continuing growth in shareholder value is tied directly to the strong relationship our team has built with all of our stakeholders, particularly our customers and suppliers. Our Annual Report for 2000, is dedicated to the confidence, competence, creativity, commitment, credibility, and camaraderie of our entire FPI team.

From a shareholder perspective, 2000 was a year of significant activity. We began the year with a Special Shareholders' Meeting in January. The meeting was requested by shareholders to consider the removal of the 15% ownership restriction from the Articles of our Company. More than 83% of our outstanding shares were voted and, of those voting, more than 99% voted in favour of the removal of the share ownership restriction, subject to a future amendment in provincial legislation.

In April, we received approval for a normal course issuer bid for up to 500,000 shares. By year-end we had repurchased 349,900 shares at an average cost of $8.98 per share. In May 2000, we increased our annual dividend rate from 12¢ per share to 15¢ per share. In February 2001, the dividend rate was increased again to 18¢ per share, reflecting our improving profitability.

Our approach to the process of potentially removing our shareholder restriction, our ongoing repurchase of shares, the increase in our dividend,

and most importantly our significantly improving profitability, all combined to have a positive impact on shareholder value. The price of FPI shares increased from $7.75 per share at the beginning of 2000 to $9.00 per share at year-end – a favourable improvement of 16%. Since the beginning of 1999, FPI shares have increased from $5.00 per share to $9.00 per share – an impressive improvement of 80% in shareholder value.

FPI's profitability was led by growth in value-added earnings, significant growth in scallop volumes, and a strong performance from crab.

PERFORMANCE REVIEW

Our team of talented people has eagerly accepted the challenges and opportunities which abound in the very exciting business of international seafood. During 2000 we publicly declared a net income target of 75¢ per share, which we subsequently revised to 85¢ per share. Hence, our actual year-end net income of 90¢ per share surpassed our ongoing expectations.

Our total corporate sales of $723 million represented an increase of 2% from the $709 million of 1999. In addition, sales of products marketed on a commission basis were more than $100 million, bringing our total sales throughput for the year to approximately $830 million.

In 2000, FPI's profitability was broadly based, led by growth in value-added earnings, significant growth in scallop volumes, a strong performance in our crab operations, a solid trading performance, a strong performance in cooked and peeled shrimp, and record sales of both fresh groundfish and shellfish. The year was not without its challenges, however, as our financial results absorbed the impact of a significant reduction in crab quotas, a decline in cod quotas, and a major increase in fuel costs.

Our financial position was further strengthened in 2000 as evidenced by our year-end balance sheet. At year-end, our working capital was $133 million ($8.91 per share), our current ratio was 2.9:1, and long-term debt totalled $62 million, or 24% of our Company's long-term capital structure. Inventory balances were $121 million at year-end, a level consistent with the previous year. Shareholders' equity increased to $194 million ($12.96 per share), after taking into account the impact of new rules under generally accepted accounting principles related to the treatment of future income taxes and employee future benefits.

SHAREHOLDER LANDSCAPE

Seafood Holdings

Our shareholder landscape has changed significantly over the past year. In the recent past, FPI's

shareholdings had been dominated by Canadian financial institutions, several of which held in excess of 10% of our shares. By the end of 2000, most of our major shareholders were international seafood industry participants including: Sanford Limited, a major New Zealand seafood company which held 14.9%; Icelandic Freezing Plants Corporation ("IFPC"), a major Icelandic seafood company which held 14.8%; and Clearwater Fine Foods Inc., a Canadian seafood company which owned 9.1%.

Early in 2001, Clearwater increased its holdings to more than 13% and a consortium of Newfoundland fish companies ("NFPC") purchased just over 10% of our outstanding shares. At the time of this Annual Report, no major Canadian financial institutions held in excess of 10% of the outstanding shares and the four major seafood industry shareholders, in combination, held 54% of the outstanding shares of our Company. All of them have indicated that their investments in FPI represent long-term holdings in, what they consider to be, a value proposition in the international seafood industry.

It is important, however, to put our shareholder landscape into perspective for all shareholders. Clearwater is a major competitor of FPI and it was a participant in the unsuccessful and unsolicited hostile take-over bid for our Company in November 1999. Similarly, IFPC participated in the take-over bid and remains one of our largest foodservice competitors in our most important United States market.

In May 2000, we increased our annual dividend rate from 12¢ per share to 15¢ per share. In February 2001, the dividend rate was increased again to 18¢ per share, reflecting our improving profitability.

NFPC is a major competitor of FPI in the snow crab, groundfish, and cold water shrimp sectors of the Newfoundland fishing industry, both on the wharf and in the marketplace. One of the major partners in NFPC was a participant in the unsuccessful take-over bid.

Ownership Restriction

In view of the unsuccessful takeover attempt in late 1999; our Special Shareholders' Meeting in January 2000; and our ever-changing shareholder landscape, it is important to review for all shareholders our existing 15% ownership restriction. The restriction on the ownership of common shares in our Company was set out in provincial legislation in response to the privatization of FPI in 1987. The share restriction, which is contained in the *Fishery Products International Limited Act*, is also included in our Company's Articles.

The resolution passed in January 2000 to remove the restriction from our Articles was subject to a future

amendment in provincial legislation as well as a sunset clause related to protecting the rights of dissenting shareholders. In the absence of the required legislative change, as of October 18, 2000, the resolution ceased to be effective, leaving the restriction unchanged in the Articles of our Company.

The restriction limits the holding and voting of any one shareholder and associates to not more than 15% of the total number of shares outstanding.

Public policy and government regulation, not ownership restrictions, are the appropriate tools to protect the public interest.

In the intervening 14 years since the introduction of the legislation creating the ownership restriction, the Newfoundland fishing industry and our Company have undergone dramatic transitions. It remains our view, therefore, that the retention of the 15% share restriction is no longer necessary. In arriving at this conclusion, we fully recognize that both the Government of Newfoundland and Labrador and the Government of Canada have important responsibilities related to the regulation of the Newfoundland fishing industry.

Governments regulate the industry through their control over: (i) the issue of fishing licenses; (ii) the issue of processing licenses; (iii) the allocation of fishing resources; and (iv) the setting of quality standards. Consequently, the share restriction is not required to protect the public interest with respect to the Newfoundland fishing industry. Public policy and government regulation, not ownership restrictions, are the appropriate tools to protect the public interest.

Understanding with Government

Accordingly, we have reached an understanding with the Government of Newfoundland and Labrador on the necessary conditions for consideration of the removal of FPI's ownership restriction. Government has advised that it would be very difficult for it to seek the general removal of the FPI share restriction in the absence of a "deal specific" business proposal, which could be assessed as part of the process of removing the restriction. Government has agreed, however, that should FPI bring forward such a deal specific business proposal which: (i) is deemed by the Company to be in the best interest of its shareholders; (ii) is deemed by Government to be in the best interest of Newfoundland and Labrador; and (iii) requires the removal of the share restriction, then Government would give favourable consideration to such a proposal. The onus, however, would be on FPI

to make the case for the removal of the share restriction to its shareholders, employees, and the communities in which it operates. It is important to reconfirm to shareholders that FPI continues to pursue acquisitions, mergers, and international alliances with a view to the ultimate removal of the 15% share restriction.

WORLD-CLASS SEAFOOD ENTERPRISE

People and Success

The people of FPI have transformed our Company into a world-class international seafood enterprise. The complex, sophisticated, and technologically advanced nature of our Company and our ongoing investments in state-of-the-art and environmentally sustainable processes ensure that FPI maintains its leadership role on the international stage. In 2000, we sold our high-quality products in more than 15 countries and we sourced products from 35 countries. It is the knowledge and experience of our FPI team in the international marketplace, however, which allow us to succeed in one of the most competitive industries in the world. We have reiterated on many occasions that while seafood is our business, people are our strength.

In 2000, the National Fisheries Institute recognized our commitment to environmental leadership when it awarded FPI their "Sustainable Fisheries Award of Excellence".

Innovation and Sustainable Harvesting

At FPI, we are continually modernizing the manner in which we harvest both groundfish and shellfish, with a view to sustaining our resources.

With respect to groundfish (cod, redfish, flounder, and turbot), we have pioneered the introduction of seining technology in the Canadian offshore cod fishery. This technology minimizes bottom contact and by-catch of non-targeted species. In addition, we have increased and modified the mesh size of our fishing gear, deployed separation grids in our flounder operations to minimize the by-catch of cod, and introduced Nordmore grates and size selectivity devices in our Northern shrimp fishery to minimize groundfish by-catches and the harvest of small shrimp. Our ongoing research and development related to sustainable harvesting is carried out in partnership with the Marine Institute at Memorial University of Newfoundland and the Department of Fisheries and Oceans.

This sophisticated long-term approach to embracing the challenge of sustainable fishing practices reflects our commitment to make a difference to the future well-being of the fishing

industry in Atlantic Canada and indeed the world. In 2000, the National Fisheries Institute of the United States, an organization of more than 800 seafood companies, recognized our commitment to environmental leadership when it awarded FPI their "Sustainable Fisheries Award of Excellence".

An important part of our award-winning commitment involves our strong support for science and industry partnerships. We continue to invest in the Chair for Fisheries Conservation at Memorial University, which promotes research focused on fish spawning, recruitment, migration, acoustic science, and ecosystems. In addition, we remain strong partners with the Department of Fisheries and Oceans in carrying out joint scientific surveys on important groundfish stocks off Canada's east coast. These surveys produce vital data that enables DFO to better manage our fisheries resources for the future.

Our harvesting operations for groundfish, scallops, and cold water shrimp are carried out in a challenging and dynamic environment. Within this environment, FPI is committed to the efficient harvesting and production of quality seafood products in a manner consistent with our corporate commitment to environmental leadership within the international seafood industry.

In our Atlantic Canadian primary processing operations we have made significant investments in new technologies, both in groundfish and shellfish.

Our success in being a world leader in the harvesting of a wide variety of species depends entirely on the skills of our people at sea and onshore, who seek new and innovative ways to secure the long-term sustainability of our fishery. Our Company also remains supportive of the precautionary approach to the setting of quotas and of the overall conservative approach to managing all of Canada's groundfish and shellfish resources.

Processing and Technology

In our Atlantic Canadian primary processing operations we have made significant investments in new technologies, both in groundfish and shellfish. At our groundfish facility in Marystown, Newfoundland we have installed one of the most technologically advanced seafood processing operations in the world. The new computerized flowline processing technology enables us to create premium-quality products from a variety of groundfish species in fresh, frozen, and IQF (Individually Quick Frozen) form.

Our two crab processing facilities are also examples of how ongoing

capital investment and innovation have enabled us to meet the highest quality standards of the marketplace. We have also taken a leadership role with our two state-of-the-art cold water shrimp processing plants in Newfoundland. The combination of people, technology, teamwork, and innovation is what keeps our primary processing operations on the leading edge of such operations worldwide.

Our commitment to quality supplier relationships is evident in Newfoundland, where we purchase high-quality groundfish and shellfish from more than 3,000 independent fish harvesters.

Similarly, in our value-added operations in Massachusetts and Newfoundland we have made significant investments in new technologies through the introduction of modern automated weighing, packaging, forming, processing, and freezing technologies to enhance our efficiency and the quality of our products. Our relationship with our customers is rooted in the ability of our people to respond to their needs for innovative products, quality, and service and to gain their confidence in our ability to provide value through modern processing methods.

People and Procurement

In the area of procurement, where relationships with suppliers are so important, the spirit of teamwork and innovation is at work on a daily basis. More than 65% of all the products that we sell are produced from raw material procured through supplier relationships we have developed around the world. Our procurement team can be found in shrimp processing facilities in Thailand, Ecuador, Vietnam, Indonesia, Bangladesh, Panama, and Mexico; at fish processing facilities in Norway, Chile, the Faroe Islands, and Iceland; at aquaculture farms and processing facilities in China; and investigating new species and new suppliers in New Zealand, Namibia, Brazil, and Argentina.

We are not simply buying groundfish and shellfish on the open market. We are buying them from company-audited facilities operated by approved suppliers, with whom we have developed long-standing relationships. Our people travel the world to view first-hand the quality, safety, and consistency of the products we buy and to ensure the reliability and efficiency of our entire supply chain.

The success of our procurement program allows us to provide our customers with access to more than 30 species of seafood from 35 countries. Our single largest product category in 2000 was warm water shrimp, which accounted for $223 million of our total sales

of $723 million. We now purchase warm water shrimp from 77 different suppliers in 12 countries.

Our commitment to long-term quality supplier relationships is also evident in Newfoundland, where we purchase high-quality cod, turbot, lumproe, capelin, snow crab, redfish, and cold water shrimp from more than 3,000 independent fish harvesters. The total value of our purchases from these harvesters in 2000 was more than $55 million, with the leading species being cold water shrimp and snow crab.

It is clear that the "FPI difference" is our commitment to supplier relationships based on quality, fairness, efficiency, and dependability. In turn, this allows FPI to make a difference with our customers to whom we give assurances of high-quality products, on which we are prepared to stake our reputation. We can only do this because of the confidence that we have in the skills, experience, and ethics of our international procurement team.

Our team works closely with more than 200 suppliers who include Hai Yang International in China, Daerim of South Korea, Espersen of Denmark, United Seafood of the Faroe Islands, American Seafoods in Seattle, Crystal Seafoods of Russia, Ocean Trawlers of Norway, Pacific Andes of Hong Kong, Bumi Menara Internusa of Indonesia, Union Frozen and Thai Royal of Thailand, Central American Fisheries of Nicaragua, Empagran of Ecuador, as well as High Liner Foods, Beothic Fish Processors, the Acadian Fishermen's Co-op, and Daley Brothers here in Canada. Our quality supplier base is an integral part of our ongoing success.

As a result of our team's dedication to delivering customer "solutions" and creative products, we have achieved a leadership position in our industry.

Teamwork and Marketing

In the area of sales and marketing and the provision of customer value, FPI is committed to being a team of innovators for our customers' ever-changing needs. As a result of our team's dedication to delivering customer "solutions" and creative products, we have achieved a leadership position in our industry.

Our corporate brands are prized around the world, whether it be our FPI® Ice Shrimp, Seafood Elites, Ports of the World, Hometown Diner Fish Fillets, or Sea Starter Appetizers; or our Mirabel® Black Tiger Shrimp, Shrimp Scampi, or King Crab; or our Sea Cuisine® line of restaurant quality retail products; or the wide range of Maripac® products we produce for Migros of Switzerland.

Our leadership position and our significant international presence in seafood markets is a direct result of the relationships that FPI sales and marketing teams have developed across all market sectors, including supermarkets, caterers, warehouse clubs, and major foodservice distributors. With chain restaurants, especially, FPI product development personnel operate as an extension of our customers' menu development teams, generating new ideas and concepts that lead to customer solutions.

FPI is a modern, market-driven seafood enterprise with a dedicated team equipped with today's most advanced technology, as we deliver solutions worldwide.

Our marketing expertise is exemplified by our leadership role globally. This is illustrated by our marketing of the burgeoning production of cold water shrimp in Newfoundland, by our success on behalf of the Atlantic Queen Seafoods group in establishing their Luxury® brand as the premier label snow crab in all major world markets, and by our market positioning of a variety of groundfish species, most recently the successfully recovering resource of yellowtail flounder.

FPI is the number one supplier of seafood to the North American foodservice market. In 2000, our excellence was recognized through such awards as the National Fisheries Institute Finesse Award for Marketing in the United States, the American Culinary Institute's Gold Medal Award for Excellence, and several "Supplier of the Year" awards from major national food distribution companies in both the United States and Canada.

FPI has raised the bar for any seafood company wishing to do business in these markets. We are determined to be the company most preferred by our customers whether they be: major North American foodservice distributors like Sysco, Harker's, and Serca; retail and club store chains like Loblaws, Costco, Sam's, and BJ's; national restaurant chains such as Red Lobster, Applebee's, and McDonald's; or specialty customers like Brake Bros in the United Kingdom, LeClerc in France, Maritim Foods in Norway, and our long-standing customer, Nichiro in Japan.

FPI and the New Economy

The sophistication of our operations reflects our commitment to information technology and advanced harvesting and processing technology. We use integrated systems that allow us to provide our customers and suppliers with information on a "real time" basis. In addition, we are constantly improving and updating our ability to access

product and market information via secure Internet access. All of this is made possible by FPI's significant investment in integrated information systems, telecommunications, and technological innovation, and through our trained professional staff.

Our FPI web site is a repository of information for our global audience of consumers, suppliers and shareholders. Our web site also reinforces the progressive nature of our Company, its international scope, its technological advancement, and its commitment to creative thinking and teamwork to make us a supplier and customer of choice. FPI is a modern, market-driven seafood enterprise with a dedicated team equipped with today's most advanced technology, as we deliver solutions worldwide.

> **Our shareholder value strategy over the past several years has successfully focused on achieving higher earnings and improved shareholder returns.**

SHAREHOLDER VALUE STRATEGY 2001

Journey of Growth

Our Company is on a journey of growth and excellence through people, teamwork, and innovation. Our shareholder value strategy over the past several years has successfully focused on achieving higher earnings and improved shareholder returns. In 1998 we earned 38¢ per share; in 1999, 51¢ per share; and in 2000, 90¢ per share. In turn, these higher earnings have improved shareholder value.

Towards the end of 2000 we signed a joint venture arrangement, whereby we took a 25% interest in a new offshore shrimp joint venture named "Katsheshuk" (the Innu word for Iceberg). Our partners are a Newfoundland company, Coastal Labrador Fisheries, and the Innu Nation of Labrador. The joint venture arrangement has resulted in the acquisition of a modern shrimp freezer vessel which will harvest and process the shrimp quotas recently allocated to the Innu Nation by the Government of Canada.

It will be through such joint ventures that we will continue to grow our earnings and strengthen the capabilities of FPI. In addition, we have committed $14.0 million to the construction of a new scallop vessel to be completed by June 2002. This state-of-the-art vessel will enable us to produce the highest-quality scallop products, harvested and frozen on board and will provide the most modern and safe working conditions for our people at sea.

2001 In Perspective

We are entering 2001 with solid momentum as a result of our achievements in 2000. We have a strong

balance sheet position, a meaningful dividend, and the confidence that we can continue to deliver enhanced shareholder value into the future. Our strategy for 2001 will be to harness the energy and capabilities of all the people who make FPI a better company in all respects. The test of their skills will be reflected in how we grow both our top and bottom lines in the long-term interest of our shareholders.

In 2001 we are targeting for improved value-added sales and earnings; continuing our focused strategies for procurement and trading; taking advantage of our growing yellowtail flounder resource; targeting for record sales of fresh fish; continuing with our solid growth in FPI® "Ice Shrimp"; benefiting from our Katsheshuk joint venture; implementing cost reductions and efficiency improvements throughout our Company; and pursuing mergers, acquisitions, alliances, and joint ventures throughout the world of international seafood.

We are on a journey aimed at solidifying our reputation as one of the finest seafood companies in the world. We will also pursue opportunities to apply our secondary processing expertise to alternative proteins beyond groundfish and shellfish.

We are confident of our ability to succeed based on the inherent strength of the three pillars of our Company: "People, Teamwork, and Innovation."

As always, there will be challenges and 2001 will be no exception. We anticipate a further reduction in cod quotas and the potential exists for a further reduction in crab quotas. In addition, there is the lingering threat of an economic recession in North America. Our strategy in response will be a simple one: We will manage our way through the risks and take full advantage of all opportunities as we strive for improved returns that will secure our long-term future.

Our FPI team eagerly accepts the challenges before us and stands committed to another exciting year, marked by further earnings growth and enhanced shareholder value. We are confident of our ability to succeed based on the inherent strength of the three pillars of our Company: "People, Teamwork, and Innovation."

Victor L. Young
Chairman and Chief Executive Officer

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING

The accompanying consolidated financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report conforms to the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, comprised of six directors who are not officers or employees of the Company to ensure that management fulfills these responsibilities. The Audit Committee meets periodically with management, the internal auditors, and the shareholders' external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation and disclosure and recommendations on internal control.

The Internal Audit Department performs audits designed to test the adequacy and consistency of the Company's internal controls, practices, and procedures.

The shareholders' external auditors, Ernst & Young LLP, have audited the Company's consolidated financial statements in accordance with generally accepted auditing standards and their report follows. The independent auditors have full, unrestricted access to the Audit Committee to discuss their audit and their related findings as to the integrity of the financial reporting process.

On behalf of the Company:

February 9, 2001

Victor L. Young
Chairman and
Chief Executive Officer

David G. Norris
Executive Vice-President
Finance and Business Development

ERNST & YOUNG

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheet of FPI Limited as at December 31, 2000 and the consolidated statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 1999 and for the year then ended, prior to restatement resulting from the adoption of the new recommendations of the Canadian Institute of Chartered Accountants with respect to future income taxes as described in Note 1, were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated February 8, 2000. We have audited the adjustments to the 1999 consolidated financial statements and, in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

Ernst + Young LLP
Chartered Accountants

St. John's, Canada
February 9, 2001

Consolidated Balance Sheets

As at December 31,

dollars in thousands	2000	1999
Assets		
Current assets		
Cash	$ 221	916
Accounts receivable (note 2)	76,043	80,644
Inventories (note 2)	120,642	119,471
Prepaid expenses	6,693	5,637
Future income tax assets (notes 1 and 12)	860	272
Total current assets	204,459	206,940
Capital assets (note 3)	93,622	94,632
Future income tax assets (notes 1 and 12)	15,446	16,633
Other assets (note 5)	13,880	13,103
	$ 327,407	331,308
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness (note 6)	$ 23,004	43,124
Accounts payable and accrued liabilities	37,122	36,195
Current portion of long-term debt (note 7)	11,057	8,351
Total current liabilities	71,183	87,670
Long-term debt (note 7)	62,275	62,323
	133,458	149,993
Shareholders' Equity		
Share capital (note 8)	48,053	48,044
Contributed surplus (note 8)	73,064	75,083
Retained earnings (note 1)	70,965	59,569
Foreign currency translation adjustment	1,867	(1,381)
	193,949	181,315
	$ 327,407	331,308

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Victor L. Young
Director

Vincent G. Withers
Director

Consolidated Statements of Operations

Years ended December 31,

dollars in thousands, except per share amounts	2000	1999
Sales	$ 723,153	708,911
Cost of goods sold	638,265	632,845
Gross profit	84,888	76,066
Commission income	3,271	3,327
	88,159	79,393
Administrative and marketing expenses	46,154	45,456
Depreciation and amortization (note 5)	9,525	10,162
Provision for profit sharing (note 10)	2,570	1,541
Operating income before the undernoted	29,910	22,234
Interest (note 7)	6,742	7,146
Unusual item (note 11)	–	965
Income before income taxes	23,168	14,123
Income taxes (note 12)	9,615	6,404
Net income for the year	$ 13,553	7,719
Weighted average net income per common share		
Basic	$ 0.90	0.51
Fully diluted	$ 0.86	0.49
Weighted average common shares outstanding (thousands)		
Basic	15,103	15,118
Fully diluted	16,244	16,054

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

Years ended December 31,

dollars in thousands	2000	1999
Retained earnings, beginning of year as previously reported	$ 41,535	33,331
Change in accounting policy (note 1)	18,034	20,341
As restated	59,569	53,672
Net income for the year	13,553	7,719
	73,122	61,391
Dividends	2,157	1,822
Retained earnings, end of year	$ 70,965	59,569

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31,

dollars in thousands	2000	1999
Operations		
Net income for the year	$ 13,553	7,719
Add (deduct) items not affecting cash		
Depreciation and amortization	9,525	10,162
Future income tax	2,581	3,125
Net gain on disposal of capital assets	(39)	(253)
Cash generated from operations before the undernoted	25,620	20,753
Changes in non-cash working capital balances related to operations		
Accounts receivable	4,856	10,129
Inventories	1,410	270
Prepaid expenses	(1,047)	(1,324)
Accounts payable and accrued liabilities	114	6,726
Foreign currency translation adjustments	(903)	1,567
Accrued benefit asset	(2,121)	(1,090)
Cash provided by operating activities	27,929	37,031
Investing		
Additions to capital assets	(8,322)	(14,101)
Proceeds from disposal of capital assets	1,100	409
Mortgages receivable	1,757	607
Other investing activities	(464)	(928)
Cash applied to investing activities	(5,929)	(14,013)
Financing		
Issue of long-term debt (note 7)	10,000	15,000
Repayment of long-term debt	(8,439)	(8,132)
Net change in short-term bank loans (note 7)	(20,256)	(25,778)
Dividends paid	(2,157)	(1,822)
Issue of common shares	1,131	127
Repurchase of common shares	(3,141)	(822)
Cash applied to financing activities	(22,862)	(21,427)
Effect of exchange rate changes on cash	167	(1,608)
Change in cash position during the year	(695)	(17)
Cash position, beginning of year	916	933
Cash position, end of year	$ 221	916

Supplemental cash flow information (note 16).

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999
(tabular amounts expressed in thousands of dollars except where otherwise noted)

BASIS OF PRESENTATION

FPI Limited (the "Company") is incorporated under *The Corporations Act* of the Province of Newfoundland. The Company is involved in the harvesting and international procurement of raw material for processing into both primary and value-added finished products in its seafood processing plants in both Canada and the United States. The Company's business also includes the international trading of seafood products. Sales, marketing, and distribution of products are carried on in Canada, the United States, Europe, Japan, China, and Southeast Asia. These consolidated financial statements include the accounts of the Company and those of its subsidiaries.

ACCOUNTING POLICIES

The significant accounting policies of the Company and its consolidated subsidiary companies are set out below. These policies are in accordance with Canadian generally accepted accounting principles.

Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the reporting date, and the reported amounts of revenue and expenses during the fiscal period. Actual results could differ from the estimates and assumptions used.

Revenue recognition

Sales are recognized in income when the related products have been shipped to customers.

Inventories

Inventories of finished goods are valued at the lower of cost and net realizable value. Inventories of materials and supplies are valued at the lower of cost and replacement cost. Cost is determined on a weighted average basis.

Capital assets

Capital assets are carried at cost.

Depreciation of capital assets is provided on a straight-line basis over the following estimated useful lives of the assets:

	Years
Buildings and wharves	8 – 40
Machinery and equipment	10 – 15
Vessels and vessel equipment	25 – 35

Joint venture

The Company's 60% investment in a joint venture is recognized in the consolidated financial statements of the Company using the proportionate consolidation method.

ACCOUNTING POLICIES *(continued)*

Foreign currency translation

The majority of the Company's foreign subsidiary operations are classified as self-sustaining operations. Assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates prevailing during the year. The resulting net gains or losses, together with those related to short- and long-term borrowings denominated in United States dollars and designated since January 1, 1998, as a hedge of the self-sustaining foreign subsidiary operations, are accumulated in a separate component of shareholders' equity, described in the consolidated balance sheet as foreign currency translation adjustment.

The Company's foreign subsidiary sales operation based in Germany is classified as an integrated operation. Exchange gains or losses arising on the translation of the current monetary items of this operation are included in the determination of net income. Gains or losses on the translation of other foreign currency transactions are included in the determination of net income. Exchange gains or losses on the translation of long-term monetary items denominated in foreign currency accumulated prior to January 1, 1998, continue to be deferred and amortized on a straight-line basis over the remaining term of the item.

Employee future benefits

The Company has retirement plans which provide for defined benefits for all employees, other than certain employee groups in the United States and Europe who are members of defined contribution plans. The defined benefit plans provide pensions based on final average earnings and in one plan, a flat benefit. In addition, the Company sponsors defined benefit life insurance and health care plans for eligible retired employees. Obligations under the employee benefit plans are accrued as the employees render the service necessary to earn the pension and other employee future benefits.

In accordance with the new recommendations of the Canadian Institute of Chartered Accountants (note 1), the policies for accounting for future employee benefits are as follows:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimates of expected plan investment performance, salary escalation, retirement ages of employees, and expected health care costs.
- For the purpose of calculating expected return on plan assets, those assets are valued at market value.
- Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service life of employees active at the date of amendment.
- The excess of the net actuarial gain (loss) over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service life of active employees.
- When a restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to settlement.

Income taxes

The Company follows the liability method of accounting for income taxes in accordance with the new recommendations of the Canadian Institute of Chartered Accountants (note 1). Under this method, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future tax assets or liabilities are expected to be realized or settled. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs. Current income tax expense is recognized for the estimated income taxes payable for the current year. Future income tax expense is the net difference between the beginning and ending balances for future income tax assets and liabilities.

Stock-based compensation plan

The Company has stock-based compensation plans for directors, executives, and certain senior managers, which are described in Note 9. No compensation expense is recognized when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital. Compensation expense is recognized for the Company's contributions to the Deferred Stock Unit Plan and the Employee Share Purchase Plan.

Earnings per share

Basic and fully diluted earnings per share have been computed using the weighted average number of common shares outstanding during the year. Fully diluted earnings per share have been computed on the basis of stock options that are exercisable as of the year-end date.

Forward contracts

The Company has limited involvement with derivative financial instruments and does not use them for trading purposes. The Company periodically enters into forward foreign exchange contracts to buy or sell various foreign currencies in order to limit exposure to exchange rate fluctuations. Foreign currency cash flow, not otherwise identified as a natural hedge of foreign currency obligations, may be hedged up to a maximum of 50%. Gains or losses on translation of the hedged transactions, at current exchange rates, are deferred until settlement of the related contract.

1. ACCOUNTING CHANGES

Effective January 1, 2000, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for future income taxes and employee future benefits.

(a) Income taxes

The recommendations for future income taxes have been applied retroactively and the Company has restated the 1999 comparative information for this change. The effect of adopting the new recommendations was to decrease net income by $2,692,000 ($0.18 per share) and $2,307,000 ($0.15 per share) for the years ended December 31, 2000 and 1999, respectively, and increase retained earnings by $18,034,000 and $20,341,000 as at January 1, 2000 and 1999, respectively. The restatement is related primarily to the recognition of a future tax benefit, as at January 1, 1999, with respect to the excess of the tax basis over the carrying value of capital assets of the Canadian subsidiary.

1. ACCOUNTING CHANGES *(continued)*

(b) Employee future benefits

The recommendations for pension and other non-pension post-retirement benefits have been applied on a prospective basis. Under the new method, costs for employee future benefits are accrued over the periods in which employees earn the benefits. The discount rate used for determining current service cost and the liability for future benefits is the current interest rate at the balance sheet date on high-quality fixed income investments with maturities that match the expected maturity of the obligations. In prior years, the discount rate used for pensions was management's estimate of the long-term interest rate. The costs for future benefits, other than pensions, were previously recognized on a pay-as-you-go basis.

As a result of these changes, the estimated net future benefit of $14,377,000 is being amortized on a straight-line basis over the average remaining service period of active employees expected to receive benefits.

2. CURRENT ASSETS

(a) Accounts receivable

		2000	1999
Trade	$	**64,778**	65,000
Other		**11,265**	15,644
	$	**76,043**	80,644

(b) Inventories

		2000	1999
Finished goods	$	**83,704**	82,071
Raw materials and supplies		**36,938**	37,400
	$	**120,642**	119,471

3. CAPITAL ASSETS

		2000	1999
Buildings, wharves, and land	$	**70,025**	68,360
Machinery and equipment		**109,415**	103,384
Vessels and vessel equipment		**50,613**	50,406
		230,053	222,150
Less accumulated depreciation			
Buildings and wharves		**33,954**	32,032
Machinery and equipment		**73,783**	67,644
Vessels and vessel equipment		**28,694**	27,842
		136,431	127,518
Net book value	$	**93,622**	94,632

4. JOINT VENTURE

The Company has a 60% interest in a joint venture company, International Fish Protein Limited. This joint venture is 40% owned by Europro S.A. of Boulogne-sur-Mer, France. The consolidated financial statements include the Company's proportionate share of the assets, liabilities, and expenses of the joint venture, the material elements of which are as follows:

		2000	1999
Capital and other assets	$	**2,402**	2,541
Liabilities		**185**	160
Expenses		**164**	143

Due to lack of raw material sufficient to ensure economic operation of the plant, the joint venturers have closed the facility for an indefinite period. It is the intention of the joint venturers to resume operation of the facility upon sourcing of sufficient raw material.

5. OTHER ASSETS

		2000	1999
Accrued benefit asset	$	**9,408**	7,287
Mortgages receivable		**2,844**	3,697
Deferred loss on translation of long-term debt denominated in foreign currency		**1,046**	1,540
Other assets		**582**	579
	$	**13,880**	13,103

Mortgages receivable represent advances to independent fish harvesters and are secured by vessels. The current portion of mortgages receivable included in accounts receivable (other) amounts to $3,015,000 (1999 – $3,919,000). Mortgages receivable bear interest rates which fluctuate with prime and have repayment terms of up to six years. The carrying amount of the mortgages receivable approximates fair value based on the variable interest rates charged on the mortgages.

Amortization of deferred loss on translation of long-term debt denominated in a foreign currency amounts to $668,000 (1999 – $679,000). Amortization of goodwill, in 1999, amounted to $1,099,000.

6. BANK INDEBTEDNESS

The Company has provided accounts receivable and inventories as collateral for bank operating and certain term loan facilities (note 7).

Bankers Acceptances, denominated in United States dollars included in bank indebtedness amount to US$17,500,000 (1999 – US$13,000,000).

7. LONG-TERM DEBT

	2000	1999
9.43% marine mortgage maturing in 2004 (2000 – US$3,400; 1999 – US$4,250)	$ 5,101	6,134
9.40% secured bank term loan maturing in 2001 (2000 – US$1,710; 1999 – US$2,684)	2,566	3,874
8.95% secured bank term loan maturing in 2005	2,500	3,000
6.99% secured bank term loan maturing in 2009	15,000	15,000
6.90% secured bank term loan maturing in 2006 (2000 – US$4,588; 1999 – US$5,294)	6,883	7,641
6.64% secured bank term loan maturing in 2007 (2000 – US$8,028; 1999 – US$8,377)	12,043	12,090
6.38% secured bank term loan maturing in 2007	11,500	12,000
6.33% secured bank term loan maturing in 2004	1,360	1,700
6.19% secured bank term loan maturing in 2008	4,000	4,500
5.60% secured bank term loan maturing in 2001	2,333	4,667
Short-term bank loans classified as long-term debt	10,000	–
Other loans, interest and non-interest bearing, secured by equipment, maturing at various dates to 2003	46	68
	73,332	70,674
Less current portion	$ 11,057	8,351
	$ 62,275	62,323

At December 31, 2000, $10,000,000 of short-term bank loans which were subsequently repaid out of the proceeds of a term loan financing entered into with a bank on January 5, 2001, have been classified as long-term debt. The term loan financing bears interest at 6.92% and is repayable semi-annually over a ten-year period to 2011. Security for the term-loan financing is accounts receivable and inventories (note 6).

The Company has provided accounts receivable and inventories as collateral for bank operating facilities (note 6) and for the 9.40%, 6.99%, 6.90%, 6.64%, 6.38%, 6.33%, and 6.19% bank term loans. As collateral for the 9.43% marine mortgage and the 5.60% bank term loan, the Company has provided a charge over a vessel with a carrying value of $12,737,000 (1999 – $11,946,000). As collateral for the 8.95% bank term loan, the Company has provided a charge over a building and equipment with a carrying value of $8,188,000 (1999 – $8,465,000).

Interest expense of $6,742,000 (1999 – $7,146,000) includes interest on long-term debt in the amount of $4,781,000 (1999 – $4,600,000).

Annual principal repayments of long-term debt are as follows:

2001	$ 11,057
2002	10,154
2003	10,132
2004	10,132
2005	8,517
Thereafter	23,340
	$ 73,332

7. LONG-TERM DEBT *(continued)*

The estimated fair value of the Company's long-term debt, including the current portion, at December 31, 2000 and 1999 was $73,571,000 and $68,485,000, respectively. Fair value has been estimated based on discounting expected future cash flows at the discount rates which represent borrowing rates presently available to the Company for loans with similar terms and maturities.

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

Unlimited number of preference shares without par value.

(b) Issued

	2000		1999	
	Number of Common Shares	Stated Capital	Number of Common Shares	Stated Capital
Balance, beginning of year	**15,108,041**	**$ 48,044**	15,251,688	$ 48,439
Issued under employee and executive share purchase plans for cash	**202,893**	**1,131**	20,753	127
Repurchased by the Company	**(349,900)**	**(1,122)**	(164,400)	(522)
Balance, end of year	**14,961,034**	**$ 48,053**	15,108,041	$ 48,044

(c) Share repurchase

The Company acquired 349,900 (1999 – 164,400) common shares pursuant to a normal course issuer bid which expires in April 2001. These shares were repurchased for cancellation at an aggregate cost of $3,141,000 (1999 – $822,000), of which $1,122,000 (1999 – $522,000) was charged to share capital, based on the average per-share amount in the share capital account at the date of purchase, and the balance of $2,019,000 (1999 – $300,000) was charged to contributed surplus.

9. STOCK-BASED COMPENSATION PLANS

(a) 2000 Performance stock option plan

On May 1, 2000, the Company, following approval by shareholders and the Board of Directors, established a new stock option plan (the "2000 Performance Stock Option Plan"). Under this plan the Company may grant options to executives and certain senior managers for up to 500,000 common shares. The exercise price of each option will not be less than the average trading price of the common shares for the five trading days preceding the date of granting. These options have a maximum term of ten years and vest as to 20% when the market price has increased 12% over the exercise price and an additional 20% of options for each additional 12% increase in the market price. Options which have not vested within five years after the date of grant will expire.

As of December 31, 2000, 218,000 options have been granted under the 2000 Performance Stock Option Plan at a weighted average exercise price of $9.01. Of this number, none have vested as of December 31, 2000.

(b) Executive stock option plan

Under the executive stock option plan, the Company may grant options to executives and certain senior managers for up to 1,000,000 common shares. The exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is 10 years. Commencing on May 2, 1994, options to purchase shares of the Company vest as to 25% on the date of granting and 25% on each of the three succeeding anniversaries of the date of granting. Options granted prior to May 2, 1994 were fully vested on granting.

A summary of the status of the Company's executive stock option plan as of December 31, 2000, and 1999, and changes during the years ending on those dates is presented below:

	2000		1999	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	**898,025**	**$ 5.42**	828,525	$ 5.52
Granted	**36,000**	**9.43**	116,000	5.02
Exercised	**(190,750)**	**5.33**	(5,625)	5.92
Cancelled	**(8,500)**	**5.31**	(40,875)	6.33
Outstanding at end of year	**734,775**	**$ 5.64**	898,025	$ 5.42
Options exercisable at end of year	**625,525**	**$ 5.46**	735,400	$ 5.39

The options outstanding and exercisable as at December 31, 2000 have exercise prices ranging from $6.40 to $4.16, or $5.46 on average, and a weighted average remaining contractual life of 4.8 years.

(c) Deferred stock unit plan

The Company offers a Deferred Stock Unit Plan for members of the Board of Directors. Under this plan each director may elect to receive all or a percentage of his or her annual compensation in the form of notional Common Shares of the Company called deferred stock units (DSUs). The issue price of each DSU is equal to the weighted average share price at which Common Shares of the Company trade on The Toronto Stock Exchange during the five-day period prior to the last day of the quarter in which the DSU is issued. The DSU account of each director includes the value of dividends, if any, as if reinvested in additional DSUs. The director is not permitted to convert DSUs into cash until he or she ceases to be a member of the Board. The value of the DSUs, when converted to cash, will be equivalent to the market value of the Common Shares at the time the conversion takes place, which time shall not be later than December 31 of the first calendar year commencing after the year in which the director ceases to be a member of the Board of Directors. The carrying value of the outstanding DSUs as at December 31, 2000, was $496,000 (1999 – $240,000).

(d) Employee share purchase plan

The Company has reserved 188,628 (1999 – 200,771) common shares, issuable at market value, under an employee share purchase plan.

10. PROVISION FOR PROFIT SHARING

The Company has a policy of sharing with its employees, 10% of its net income before profit sharing, gain or loss on disposal of capital assets, and income taxes.

11. UNUSUAL ITEM

The unusual item in 1999 of $965,000 represents the cost incurred by the Company related to the review and assessment of an unsolicited take-over bid, which was mailed to shareholders on November 17, 1999 and withdrawn on December 8, 1999, and for the identification of other strategic alternatives available to the Company.

12. INCOME TAXES

Major components of income tax expense are as follows:

	2000	1999
Current	$ 7,034	3,279
Future	2,581	3,125
	$ 9,615	6,404

Future income tax expense includes the effect, during the year, of changes in future Canadian tax rates aggregating $741,000 (1999 – nil).

As the Company operates in several tax jurisdictions, its income is subject to various rates of taxation. The provision for income taxes differs from the amount that would have resulted from applying the statutory income tax rates to income before taxes as follows:

	2000		1999	
	Amount	%	Amount	%
Income tax expense computed at statutory rates	$ 9,846	42.5	$ 6,002	42.5
Effect of lower foreign tax rates	(563)	(2.4)	(731)	(5.2)
Manufacturing and processing tax credit	(712)	(3.1)	(419)	(3.0)
Effect of future tax rate reductions	741	3.2	–	–
Change in valuation allowance	(587)	(2.5)	–	–
Canadian permanent differences	60	0.3	619	4.4
Large corporations tax	422	1.8	403	2.9
Other Canadian tax differences	124	0.5	326	2.3
Other foreign tax differences	284	1.2	204	1.4
	$ 9,615	41.5	$ 6,404	45.3

12. INCOME TAXES *(continued)*

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at December 31, 2000 and 1999 are presented below:

	2000	1999
Future income tax assets		
Capital assets	$ **21,240**	22,696
Accounts payable and accrued liabilities	**529**	749
Goodwill	**939**	1,045
Loss carryforwards	**1,987**	2,149
Inventory	**289**	–
Other	**600**	393
	25,584	27,032
Less valuation allowance	**5,948**	6,535
Future income tax assets	**19,636**	20,497
Future income tax liabilities		
Inventory	**–**	421
Accrued benefit costs	**2,929**	2,375
Deferred exchange on long-term debt	**329**	514
Other	**72**	282
Future income tax liabilities	**3,330**	3,592
Net future tax asset	$ **16,306**	16,905
Distributed as:		
Future income tax asset – current	$ **860**	272
Future income tax asset – non-current	$ **15,446**	16,633

13. EMPLOYEE FUTURE BENEFITS

	2000	
	Pension Plans	Other Benefit Plans
Plan assets		
Market value at beginning of year	$ 73,768	
Actual return on plan assets	8,346	
Employer contributions	1,075	
Employee contributions	487	
Profit sharing payments to plan	520	
Benefits paid	(2,588)	
Market value at end of year	81,608	
Plan obligations		
Accrued benefit obligations at beginning of year	50,324	1,780
Current service cost	2,565	139
Interest cost	3,668	136
Benefits paid	(2,588)	(76)
Actuarial losses	2,640	159
Accrued benefit obligations at end of year	56,609	2,138
Plan surplus (deficit)		
End of year market value less accrued benefit obligation	24,999	(2,138)
Unamortized amounts	(15,254)	1,801
Accrued benefit asset (obligations)	$ 9,745	(337)
Benefit plan (income) expense		
Current service cost	$ 1,558	139
Interest cost	3,668	136
Expected return on plan assets	(5,514)	–
Amortization of transitional asset	(1,094)	137
Net benefit plan (income) expense	$ (1,382)	412
Weighted average actuarial assumptions		
Discount rate	7.25%	7.25%
Expected long-term rate of return on plan assets	7.5%	–
Rate of compensation increase	4.0%	–
Annual rate of increase in covered health care benefits	–	7.5%
Remaining service period of active employees (years)	12–21	13

The total expense for the Company's defined contribution plans is $1,590,000 (1999 – $1,529,000).

The fair value of the pension fund assets for the defined benefit plans at December 31, 1999 was $73,768,000 and the related accrued pension liabilities were $59,339,000. The cumulative differences between the funding contributions and the amounts expensed was $7,287,000 at December 31, 1999, and has been included in other assets on the consolidated balance sheet.

14. SEGMENTED INFORMATION

(a) General information

The Company operates primarily within one industry, that being the harvesting, procurement, processing, and sale of seafood. The Company has three reportable business segments, constituting its principal types of business: (i) primary processing; (ii) value-added processing; and (iii) seafood trading. The products generated by these business segments are sold primarily to customers in Canada, the United States, and Europe. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates business segment performance based on segment gross profit. Inter-segment sales are at market price less commission.

(b) Segment operations and assets

	2000			
	Primary Processing	Value-added Processing	Seafood Trading	Consolidated
Total sales				
Canada	$ 215,251	47,024	95,349	357,624
Inter-segment	(103,788)	(15,193)	(313)	(119,294)
	111,463	31,831	95,036	238,330
United States	68,313	196,220	153,476	418,009
Inter-segment	(353)	(3,007)	(2,396)	(5,756)
	67,960	193,213	151,080	412,253
Europe	47,780	3,931	20,859	72,570
Net sales to customers	$ 227,203	228,975	266,975	723,153
Segment gross profit	$ 34,615	34,265	16,008	84,888
Capital expenditures	$ 5,490	2,792	40	8,322
Depreciation of capital assets	$ 5,981	2,669	207	8,857
Identifiable assets	$ 183,060	86,722	57,625	327,407

	1999			
	Primary Processing	Value-added Processing	Seafood Trading	Consolidated
Total sales				
Canada	$ 208,313	42,121	94,404	344,838
Inter-segment	(100,007)	(14,539)	(271)	(114,817)
	108,306	27,582	94,133	230,021
United States	65,382	194,391	156,933	416,706
Inter-segment	(670)	(1,675)	(955)	(3,300)
	64,712	192,716	155,978	413,406
Europe	44,038	4,165	17,281	65,484
Net sales to customers	$ 217,056	224,463	267,392	708,911
Segment gross profit	$ 31,987	27,343	16,736	76,066
Capital expenditures	$ 10,803	2,964	334	14,101
Depreciation of capital assets	$ 5,448	3,210	811	9,469
Identifiable assets	$ 186,343	85,564	59,401	331,308

14. SEGMENTED INFORMATION *(continued)*

(c) Net sales to customers by product category

	2000	1999
Primary processing		
Groundfish	$ 72,597	69,833
Shellfish	149,666	143,095
Other	4,940	4,128
	227,203	217,056
Value-added processing		
Groundfish	169,667	170,822
Shellfish	59,308	53,641
	228,975	224,463
Seafood trading		
Shellfish	227,418	222,587
Other	39,557	44,805
	266,975	267,392
Total sales	$ 723,153	708,911

(d) Capital assets by geographic area

	2000	1999
Canada	$ 78,571	79,379
United States	15,024	15,193
Europe	27	60
	$ 93,622	94,632

15. COMMITMENTS AND CONTINGENCIES

(a) Operating leases

The Company has long-term lease agreements for certain cold storage facilities, office space, computer operating systems, and equipment, the latest of which expire in 2009. These leases generally contain renewal options for periods ranging from one year to five years and require the Company to pay all executory costs such as maintenance and insurance. Future minimum lease payments under these operating leases for the next five years will be approximately as follows:

2001	$ 4,494
2002	3,581
2003	3,167
2004	2,927
2005	2,872
Thereafter	3,349

15. COMMITMENTS AND CONTINGENCIES *(continued)*

(b) Forward foreign exchange contracts

At December 31, 2000, the Company held US$46,130,000 (1999 – US$32,252,000) in forward exchange contracts to sell United States dollars ("USD"). Contracts of US$27,760,000 expire during 2001 at an average rate of 67.9¢ USD and contracts of US$18,370,000 expire during 2002 at an average rate of 66.9¢ USD. Contracts held at December 31, 1999, that expired during 2000 were at an average rate of 66.9¢ USD. Deferred foreign exchange losses associated with contracts unsettled at December 31, 2000 amount to $328,000 (1999 – deferred gains of $1,768,000).

(c) Letters of credit

The Company has letters of credit outstanding as at December 31, 2000 of US$9,540,000 (1999 – US$4,693,000) related to the procurement of inventories.

(d) Capital asset commitment

At December 31, 2000, the Company is committed to a capital expenditure of approximately $13,321,000 in respect of a new scallop vessel which is scheduled for completion in June 2002. The Company has also entered into a forward exchange contract to purchase 8,414,000 Euro dollars, representing the amount due on delivery of this vessel, at a rate of 1.3720.

(e) Guarantees

As at December 31, 2000, the Company has guaranteed vessel loans of third parties in the amount of $2,091,000 (1999 – $1,081,000) and loan facilities of an investee in the amount of $1,167,000 (1999 – Nil).

16. SUPPLEMENTAL CASH FLOW INFORMATION

		2000	1999
Cash paid during the year for:			
Interest	$	**7,439**	7,000
Income taxes		**7,279**	2,144

17. COMPARATIVE FIGURES

Certain amounts for 1999 have been reclassified to conform with the presentation adopted for 2000.

OVERVIEW

Fishery Products International ("FPI" or "the Company") is a global seafood enterprise that harvests, procures, produces, and markets seafood. Headquartered in St. John's, Newfoundland, Canada, FPI is among the largest seafood companies in North America. The Company manages its operations through its three principal business components: (i) primary processing; (ii) value-added processing; and (iii) seafood trading. Sales, marketing, and distribution of products are conducted in Canada, the United States, Europe, Japan, China, and Southeast Asia.

Primary processing encompasses the harvesting, international procurement, processing, and marketing of groundfish (flounder, cod, redfish, turbot, and lumpfish) and shellfish (cold water shrimp, snow crab, and sea scallops). It includes the processing of fish into premium-quality, market-ready products and raw materials for value-added processing. FPI's primary processing operations are based entirely in Atlantic Canada, where it operates nine seasonal processing plants, 13 groundfish vessels, six scallop vessels, and one shrimp vessel. FPI employs approximately 3,000 people in its Atlantic Canada harvesting and processing operations and purchases fish from more than 3,000 independent harvesters in Newfoundland.

Value-added processing encompasses the procurement, processing, and marketing of a variety of secondary processed groundfish, shrimp, and other shellfish products. It involves enhancing the value of primary seafood products through the addition of non-seafood ingredients, including breadings, batters, stuffings, and sauces. FPI operates two value-added seafood processing plants in North America – one in Danvers, Massachusetts that principally serves the United States market and the other in Burin, Newfoundland that principally serves the Canadian market.

Seafood trading involves either the purchase and resale, or the sale on a consignment basis, of a wide variety of internationally sourced seafood species. Warm water shrimp is FPI's most significant traded species. Others include king crab, scallops, salmon, lobster, and groundfish.

FINANCIAL RESULTS

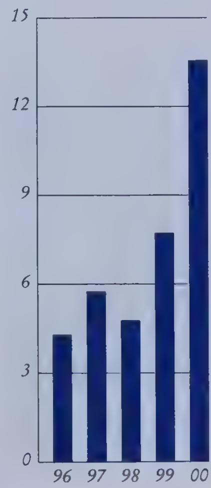
During 2000, FPI earned net income of $13.6 million ($0.90 per share) on sales of $723.2 million. This compares with net income of $7.7 million ($0.51 per share) in 1999 on sales of $708.9 million.

The increase in net income during 2000 was led by a strong performance on value-added products due to an enhanced product mix that generated strong sales at lower cost. The improved primary processing results were led by strong sales volumes of sea scallops and cooked and peeled cold water shrimp. While gross profit from seafood trading declined moderately from that of 1999, the Company continued to focus on core categories that provide consistent gross profit rather than on categories which offer high returns in the short term with attendant higher risk.

Sales

In 2000, the Company increased its sales by $14.3 million (2.0%) over those of 1999 to $723.2 million. This increase was led by higher sales of primary products. The Company experienced a modest increase in value-added product sales, while trading sales remained virtually unchanged. A year-over-year comparison of sales is as follows:

Net Income
(millions of dollars)



SALES BY BUSINESS CATEGORY

($ millions)

	2000	1999
Primary seafood	**227.2**	217.0
Value-added seafood	**229.0**	224.5
Seafood trading	**267.0**	267.4
Total sales	**723.2**	708.9

During the year, primary seafood sales volumes decreased 1.0 million pounds (1.9%) from 1999 levels to 52.0 million pounds. Higher sales volumes of cold water shrimp (1.6 million pounds) and scallops (1.1 million pounds) were offset by lower sales of snow crab (2.5 million pounds), groundfish (0.6 million pounds), and other products (0.6 million pounds). The average sales revenue per pound of primary product increased by 6.6%, reflecting increased sales prices for snow crab and groundfish and a greater percentage of higher-priced scallop products in the overall sales mix.

Value-added sales volumes in 2000 were 63.7 million pounds, 0.5 million pounds (0.7%) below 1999 levels. Higher sales of value-added shrimp products (1.0 million pounds) were more than offset by lower sales of value-added groundfish products (1.5 million pounds). During the year, the average revenue per pound increased by 2.6%, reflecting a greater percentage of higher-priced shrimp products in the overall sales mix.

In 2000, seafood trading sales were largely unchanged from those of 1999 as market development gains in selected product categories were offset by supply constraints on others.

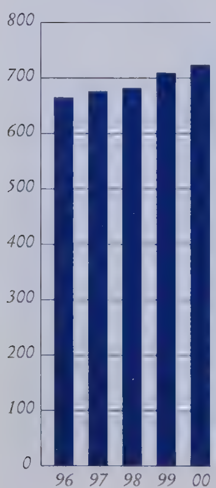
Sales during the year in FPI's three major geographic regions were as follows:

SALES BY GEOGRAPHIC REGION

($ millions)

	2000	1999
United States	**411.5**	412.6
Canada	**223.0**	218.6
Europe and Asia	**88.7**	77.7
Total sales	**723.2**	708.9

Sales
(millions of dollars)



Gross Profit and Commission Income

During 2000, FPI's gross profit increased by $8.8 million, or 11.6%, from that of 1999, while commission income remained unchanged at $3.3 million. Comparative gross profit by business component and commission income performance is highlighted in the following table:

GROSS PROFIT AND COMMISSION INCOME

($ millions)

	2000	1999
Primary seafood	**34.6**	32.0
Value-added seafood	**34.3**	27.4
Seafood trading	**16.0**	16.7
Gross profit	**84.9**	76.1
Commission income	**3.3**	3.3

The factors contributing to the $8.8 million net increase in 2000 gross profit from that of 1999 are as follows:

- the increase in primary operations was led by growth in scallop and cooked and peeled cold water shrimp sales volumes;
- the increase in value-added products reflected a more favourable product mix, productivity improvements, and cost decreases for traditional raw materials; and
- the trading gross profit declined moderately from 1999, but remained strong due to relatively consistent margins on core categories.

FPI earns commission income by acting as a sales agent for other seafood companies. During 2000, commission income remained unchanged at $3.3 million, as higher prices offset reduced sales volumes.

Expenses and Taxes

During 2000, administrative and marketing expenses totalled $46.2 million compared with $45.5 million in 1999, as most cost components generally approximated those of a year earlier. Depreciation and amortization expense decreased by $0.6 million to

$9.5 million. This is a reflection of the absence of goodwill amortization in 2000 as it was fully amortized by the end of 1999. Interest expense decreased by $0.4 million to $6.7 million in 2000, as average loan balances were lower during the year. The profit sharing expense of $2.6 million reflects the increased earnings and the Company's policy of sharing ten percent of pre-tax income with its employees. Income tax expense in 2000 amounted to $9.6 million, $3.2 million higher than in 1999, reflecting increased pre-tax income.

PRIMARY PROCESSING

FPI's primary seafood product sales totalled $227.2 million in 2000, an increase of 4.7% from the 1999 level. These sales are comprised of shellfish and groundfish species.

Primary Shellfish

Sales of primary shellfish produced in FPI's Atlantic Canada operations totalled $149.7 million in 2000, an increase of 4.0% from the $143.9 million recorded in 1999. In 2000, FPI achieved a slight increase in cold water shrimp sales, significant growth in sea scallop sales, and maintained snow crab sales near the record level achieved in 1999.

Cold Water Shrimp

In 2000, FPI's sales of internally produced cold water shrimp were 2.1% higher than in 1999. These sales represent an increase of 82% during the past three years that has resulted from the strategic initiative taken by the Company in response to the substantial increase in the Canadian cold water shrimp resource occurring in the past four years.

In 2000, the Department of Fisheries and Oceans ("DFO") increased the Total Allowable Catch ("TAC") for cold water shrimp along the northeast coast of Newfoundland and southern Labrador by 8,400 tonnes (7.7%). This brought the total supply to 117,600 tonnes. The TACs for these resources have increased by 193% since 1995.

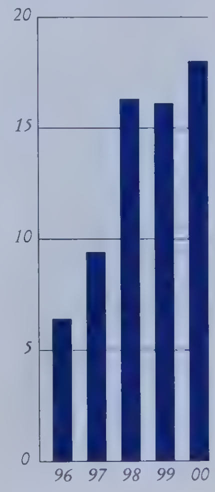
In 2000, DFO allocated 3,800 tonnes of the increased TACs to the inshore fishing sector, bringing the inshore allocations to 50,700 tonnes. (In 1996, only 3,500 tonnes were available to this sector.) The Government of Newfoundland and Labrador continued its policy that these landings be processed (cooked and peeled) in the province. The balance of the 8,400-tonne increase was allocated to: (i) the traditional offshore participants (1,100 tonnes); (ii) the Innu Nation of Labrador (1,500 tonnes); (iii) processors in Prince Edward Island (1,000 tonnes); and (iv) the Fogo Island Cooperative in Newfoundland (1,000 tonnes).

FPI secures its supply of cold water shrimp for processing from two principal sources: (i) purchases from independent inshore harvesters in Newfoundland; and (ii) frozen-at-sea landings from the Company's shrimp freezer trawler, the "Newfoundland Otter." FPI is Newfoundland's largest cold water shrimp processing company, with a total raw material supply of 18,000 tonnes in 2000. This supply compares favourably with 16,100 tonnes in 1999. The increase in raw material volumes primarily resulted from higher inshore landings. Unlike 1999, inshore harvesters made an early entry in the spring fishery; therefore, they were able to harvest their entire allocation.

During 2000, FPI operated its two state-of-the-art cold water shrimp processing facilities in Newfoundland located at Port Union and Port au Choix. At these plants, the Company cooked and peeled 13,000 tonnes of raw material purchased from independent inshore harvesters and 500 tonnes of frozen-at-sea products from the "Newfoundland Otter." Comparatively, FPI purchased 11,400 tonnes from independent inshore harvesters and 800 tonnes from the "Newfoundland Otter" in 1999.

The cooked and peeled shrimp industry continued to develop within the Province of Newfoundland and Labrador during 2000 with the addition of two new processing plants.

Cold Water Shrimp Supply
(thousands of tonnes)



This brought the number of operating plants in the province to 11. Despite the intense competition arising from the growth in this industry, by year-end FPI's overall resource share was above that of the previous year.

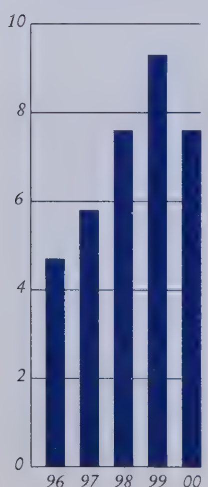
In 2000, the "Newfoundland Otter" harvested 5,000 tonnes of cold water shrimp, an increase of 6.4% from the 4,700 tonnes harvested in 1999, reflecting marginal quota increases. Of the total landings, 4,500 tonnes were produced in shell-on market-ready form for European and Asian customers while 500 tonnes were transferred for processing at FPI's plants in Port au Choix and Port Union. During 2000, the Company further developed the emerging market in China for cooked shell-on products processed on board the "Newfoundland Otter." Margins for shell-on frozen-at-sea products, while strong, were lower than 1999, with market prices continuing to be weak in 2000.

In December, FPI signed a joint venture agreement with Coastal Labrador Fisheries Limited and the Innu Nation of Labrador. FPI has a 25% ownership in the joint venture company, Katsheshuk Fisheries Limited ("Katsheshuk"). FPI has provided Katsheshuk with:

- access to one of its two offshore shrimp fishing licenses;
- access to some of its previously underutilized quotas; and
- a shareholder loan of $1.0 million and a loan guarantee of $1.2 million to assist with the purchase of a modern shrimp processing and freezing vessel, the "Katsheshuk."

The most recent scientific advice indicates that the overall biomass of cold water shrimp remains at very high levels and that the biomass index is estimated to have increased by over 10%. At this time, DFO has not announced the final quotas of cold water shrimp for 2001.

Snow Crab Supply
(thousands of tonnes)



Snow Crab

FPI's 2000 snow crab sales decreased by 5.3% from the record levels of 1999. While sales volumes declined due to reduced quotas in Newfoundland, this was largely offset by higher sales prices during the year.

During the period 1995 through 1999, the snow crab resource in Newfoundland grew significantly and the TAC for this species increased by 95%. The scientific resource surveys conducted in the fall of 1999 detected a substantial reduction in the biomass of snow crab, particularly in more northerly waters. As a result, the Department of Fisheries and Oceans reduced the TACs of Newfoundland snow crab for 2000 and landings declined by 13,200 tonnes (19%) to 55,400 tonnes.

FPI continued to offer harvesters competitive prices and a high level of service during 2000. This enabled the Company to maintain its share of the resource despite intense competition for raw material. Total purchases in 2000 were 7,600 tonnes compared with 9,300 tonnes in 1999.

During 2000, FPI operated both of its snow crab plants in Bonavista and Triton, Newfoundland. As a result of productivity-related investments made in early 2000, unit labour costs were lowered and yields were improved from the 1999 levels. During the year, both plants focused their production on more lucrative section products for the United States and Asian markets. Average revenue per pound increased by approximately 20%. This was largely due to the ongoing decrease in supply from the main competitive region, Alaska.

The most recent scientific advice indicates that the overall biomass index for snow crab has declined over the most recent year, but that recruitment is improving in the more northerly fishing areas. DFO has not yet announced quotas of snow crab for 2001. Average market prices are expected to decline somewhat from the high prices of 2000.

Sea Scallops

During 2000, FPI's sea scallop sales increased by 39% as compared with those in 1999. While sales prices for fresh and frozen products declined moderately during the year, gross profit margins were comparable to those of 1999.

Canada's sea scallop resource is located mainly on the rich fishing banks, principally Georges Bank, off the southwest coast of Nova Scotia. FPI has been allocated approximately 17% of Canada's offshore sea scallop quotas. In 2000, these quotas provided FPI with approximately 1,500 tonnes of sea scallops, compared with 900 tonnes in 1999. FPI's six offshore sea scallop vessels, based near the fishing grounds in Riverport, Nova Scotia, harvested this allocation.

In 2000, the TAC for Canada's sea scallop resource was set at 8,750 tonnes, an increase of approximately 60% from 1999. This increase in scallop allocations represents the continued strength of the 1996-year class on Georges Bank.

In December 2000, FPI signed a contract for the construction of a state-of-the-art 43-metre factory freezer scallop vessel for delivery in June 2002. This vessel, costing approximately $14.0 million, will replace most of the existing aged fleet. The vessel will provide the Company with productivity gains, enhanced harvesting capabilities, and improved processing and handling features.

The most recent scientific surveys indicate that the overall biomass of sea scallops remains at the peak level of the past two decades. At this time, DFO has not announced the final quotas for sea scallops for 2001. The Company will deactivate one of its vessels and will harvest its quotas with five vessels in 2001.

Primary Groundfish

Sales of primary groundfish increased by $2.8 million (4.0%) to $72.6 million in 2000, reflecting the net impact of increased sales of internally produced groundfish and reduced sales of internationally procured product.

Raw material for FPI's three groundfish processing facilities in Newfoundland is mainly supplied from two sources: (i) the harvest of FPI's offshore groundfish fleet; and (ii) purchases from independent inshore harvesters in Newfoundland.

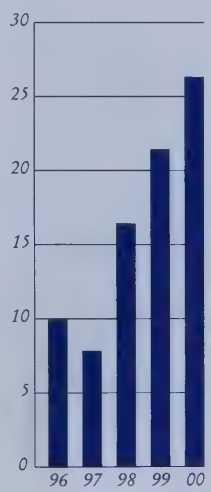
During 2000, FPI's fleet of groundfish vessels harvested 16,600 tonnes of groundfish, principally yellowtail flounder, redfish, and cod. Comparatively, 11,700 tonnes were harvested during 1999. In 2000, the TAC of yellowtail flounder on the Grand Banks increased by 4,000 to 10,000 tonnes. Canada's share increased accordingly to 9,750 tonnes from 5,850 tonnes and, consistent with its traditional presence in this fishery, FPI was allocated and harvested approximately 8,800 tonnes. This compares with approximately 5,300 tonnes in 1999.

In addition to its yellowtail flounder harvest, FPI harvested 5,700 tonnes of redfish and cod off the south coast of Newfoundland. This harvest was 600 tonnes higher than that of the previous year despite a reduction in FPI's allocations from 1999. With one-time 15-month allocations introduced in 1999, the Company carried quotas into 2000 that resulted in strong catches for these species early in the year. FPI also increased its harvest of turbot, greysole and other groundfish stocks to 2,100 tonnes compared with 1,300 tonnes in 1999. This increase was primarily a result of higher turbot landings.

FPI's purchase of groundfish from independent inshore harvesters was 9,700 tonnes in 2000, consistent with that of 1999. Increased supplies of turbot from the expanded inshore commercial fishery along the northeast coast of Newfoundland offset declines in cod resulting from quota decreases along the south coast of the province. In total, FPI's internal supply of groundfish in 2000 was 26,300 tonnes, an increase of 23% from 21,400 tonnes in 1999.

For 2001, the Northwest Atlantic Fisheries Organization has increased the TAC for yellowtail flounder on the Grand Banks by 30% to 13,000 tonnes with FPI's share increasing to approximately 11,400 tonnes. The Fisheries Resource Conservation Council ("FRCC") has recommended that the TAC for cod along the south coast of Newfoundland be adjusted downward by 5,000 tonnes. DFO has not yet announced the TAC for this stock for 2001. DFO has implemented a 2,000-tonne reduction in

Groundfish Supply
(thousands of tonnes)



the TAC for redfish along the south coast of Newfoundland as recommended earlier by the FRCC.

The moratoria on the harvesting of northern cod along the northeast coast of Newfoundland and Labrador; cod and American plaice on the Grand Banks; American plaice along the south coast of Newfoundland; and redfish in the Gulf of St. Lawrence are expected to continue through 2001. In partnership with DFO, FPI conducts an extensive research program aimed at augmenting the knowledge base for many of these resources. The Company believes that when the ongoing scientific assessments indicate sufficient stock recovery, DFO will reopen these fisheries in a precautionary manner. FPI supports this approach as one that offers long-term sustainability for these stocks.

VALUE-ADDED PROCESSING

At $229.0 million, FPI's 2000 sales of value-added groundfish and shrimp products were $4.5 million (2.0%) higher than those of 1999.

The North American foodservice market, primarily in the United States, is the Company's principal market. This market accounted for approximately 75% of the Company's value-added sales during 2000. The Company's remaining value-added sales are made in the retail and club store sectors in the United States, Canada, and Switzerland, where the Company's products enter on a duty-free basis.

There continues to be intense competition from lower-priced protein sources, particularly poultry, as the costs of most other proteins are stable or declining. In this competitive environment, seafood has continued to experience relatively higher costs.

In 2000, FPI maintained the margin recovery initiated in 1999 and developed new products and customers in all sectors of its value-added markets. While sales volumes were 28,900 tonnes compared with 29,100 tonnes in 1999, gross profit from value-added processing increased by $6.9 million to $34.3 million. Favourable raw material costs, productivity-related improvements at value-added facilities, improved product mix, and ongoing product and process development were all key to the strengthened gross profit performance.

In 2001, FPI intends to enhance its position in the United States and Canadian markets through its ongoing product development efforts. In addition, FPI plans to build upon its leadership in process technology. These initiatives will be assisted by strong promotional and brand support.

International Procurement

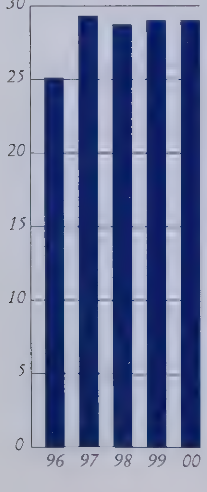
In view of ongoing moratoria or limited reopening of key Canadian groundfish stocks, international procurement of groundfish remains a vital component of FPI's operations. This procurement focuses on two product categories: (i) semi-processed product in the form of blocks and portions for further processing at FPI's value-added plants; and (ii) market-ready products in the form of fillets and weight-controlled portions for sale under the FPI® brand.

In 2000, FPI procured 17,800 tonnes of groundfish externally, compared with 18,500 tonnes in 1999. Purchases of headed and gutted cod were replaced with increased internal production and additional procurement of blocks and portions from international co-pack suppliers.

Alaskan pollock block prices declined by more than 15% from 1999, mainly as a result of increased volumes of production in Alaska as the demand in Japan for surimi, a major user of pollock, declined. Prices for cod products in 2000 declined modestly (3%–5%) from 1999 levels as supplies recovered from the shortages experienced in early 1999.

In 2001, FPI expects to purchase approximately 20,000 tonnes of groundfish products externally. FPI is planning to expand its supplies from China, Russia, and various domestic sources. It is anticipated that, on average, the cost of groundfish raw material in 2001 will be in line with that of

Value-Added Production
(thousands of tonnes)



2000. In 2001, FPI will continue to investigate other potential substitute species in order to stabilize supply and costs.

FPI also procures warm water shrimp in international markets for use in its value-added processing operations in Danvers, Massachusetts, as well as for its seafood trading activities described below. In 2000, 2,600 tonnes of shrimp were purchased to satisfy processing requirements compared with 2,300 tonnes in 1999. Supply-related issues in South America, primarily Ecuador, constrained the harvest of white shrimp from that region. FPI secured supplies from other countries and worked with its customers to lessen the impact of cost increases. In 2001, FPI expects to purchase its requirements of warm water shrimp raw material at prices similar to those of 2000.

SEAFOOD TRADING

During 2000, FPI's seafood trading sales were $267.0 million, in line with the 1999 level of $267.4 million. During 2000, FPI continued its strategy of focusing on margin enhancement versus sales volume growth. With weakening shrimp markets late in the year, FPI's 2000 trading margins were slightly lower than those of 1999. Accordingly, gross profit from seafood trading decreased from $16.7 million in 1999 to $16.0 million in 2000.

Warm water shrimp continued to be the most important trading product category for FPI in 2000, representing approximately 60% of trading sales. In 2000, production problems for both ocean-caught and farm-raised South American white shrimp reduced the availability of product for the North American markets. A stable production year in Asia, however, enabled the Company to minimize the impact of the South American supply issues.

The remainder of FPI's trading sales is comprised of king crab, lobster, salmon, sea bass, cold water shrimp, and certain other groundfish and shellfish species. None of these product categories accounted for more than 9% of trading sales in 2000.

During 2001, FPI plans to continue its strategy of concentrating trading sales on higher-margin products and of increasing the number of commission and consignment arrangements with its suppliers.

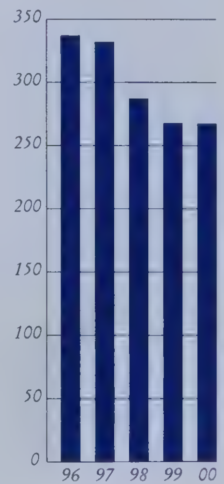
FOREIGN EXCHANGE AND HEDGING

In 2000, 66% of FPI's consolidated sales were denominated in United States dollars ("USD"). To a large extent, a natural hedge for movements in the USD against the Canadian dollar ("CAD") exists in FPI's cost structure because: (i) international procurement of seafood products is primarily conducted in USD; (ii) a portion of the Company's long-term debt and short-term bank loans is denominated in USD; and (iii) the cost base of the Company's value-added processing operations is largely in USD. However, there is still a net positive USD cash flow that can have an impact on net income as the CAD/USD exchange rate changes. It is estimated that a one-cent decline in the value of the CAD relative to the USD, exclusive of hedging, would favourably affect annualized net income by approximately $0.5 million.

The Company has a policy that permits the hedging of up to 50% of its net foreign currency cash flow. In 2000, the average spot rate of the CAD was 67.3¢ USD, virtually unchanged from the average in 1999. The Company had hedged approximately 50% of its 2000 net USD cash flow at an average rate of 67.2¢ USD. This foreign exchange hedging program resulted in a $0.1 million increase in pre-tax income from that which would have been realized had the USD cash flow not been hedged. As of December 31, 2000, the Company had hedged 50% of its 2001 and 30% of its 2002 projected net USD cash flows at average rates of 67.9¢ USD and 66.9¢ USD, respectively.

The sensitivity to other currencies is less significant. It is estimated that a 1% decline in the value of the CAD relative to the European

Seafood Trading Sales
(millions of dollars)



currencies would favourably affect annualized net income by approximately $0.2 million.

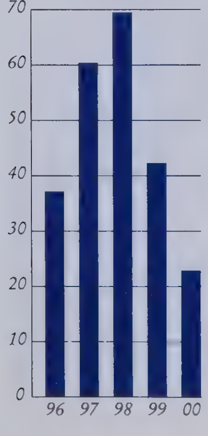
In addition, FPI hedges currency exposures in its trading operations and situations where purchases of product in USD have been designated to fill customer orders at fixed prices in a currency other than USD. The objective of these currency hedges is to preserve normal margins for these orders. In 2000, FPI used short-term currency futures contracts to lock in the margin on 28% of its Canadian trading sales.

FPI's net income is also directly affected by changing prices in relation to the purchases of fuel: (i) to operate its fleet; (ii) to operate its plants; and (iii) by its independent truckers. In addition to these direct impacts, changing fuel prices indirectly affect FPI's packaging and fishing gear costs (particularly those items, such as plastic and nets, that are petroleum-based). Costs such as electricity, and travel are also affected. It is estimated that for every US$1 change in the price of a barrel of crude oil, FPI's annualized net income will change by $0.2 million.

To reduce the impact of fluctuating oil prices, in 2000 FPI entered into fuel oil future hedges that fix the price paid on approximately 20% of its 2001 fuel oil requirements at a price equivalent to US$27 per barrel. As with its foreign exchange hedging program, the Company may hedge up to 50% of its annual fuel requirements.

The Company does not engage in any hedging of its other cost components or seafood prices due to the absence of an organized commodity market for the vast majority of these cost components.

Net Bank Indebtedness
(millions of dollars)



LIQUIDITY AND CAPITAL RESOURCES

FPI maintains a high degree of liquidity and a reasonable level of debt in its capital structure. The Company's working capital position at December 31, 2000 of $133.3 million, and its current ratio of 2.9:1, compares favourably with the 1999 working capital of $119.3 million and current ratio of 2.3:1.

The Company's balance sheet at December 31, 2000 reflects short-term bank indebtedness of $22.8 million, down from $42.2 million in 1999. The $19.4 million decrease in short-term indebtedness resulted from (i) $9.4 million in increased cash flow from operations; and (ii) short-term bank loans of $10.0 million being classified as long-term debt at December 31, 2000 due to the short-term debt being paid out of the proceeds of a term loan financing entered into with a bank subsequent to the year-end. This financing is for a ten-year period with a fixed interest rate for the first five years of 6.92%.

Capital expenditures in 2000 totalled $8.3 million compared with $14.1 million in 1999. The 2000 expenditures included $1.3 million to modernize the factory on board the Company's shrimp trawler, "Newfoundland Otter." A further $7.0 million was spent on various expenditures such as new processing equipment, product quality enhancements, safety and regulatory requirements, and management information systems. As at December 31, 2000, there were $0.6 million in outstanding commitments required for various ongoing capital projects and $13.3 million for a new scallop vessel. The total capital program for 2001, including expenditures on these projects, is estimated to be $10.9 million, of which $1.4 million relates to an initial payment for the new scallop vessel. This vessel is scheduled for delivery in June 2002. The 2001 capital program will be funded by internally generated cash flow.

On April 19, 2000, FPI received the approval of The Toronto Stock Exchange to make a normal course issuer bid to repurchase up to 500,000 of its common shares during the 12-month period commencing April 24, 2000. These common shares represented 3.3% of the approximately 15.1 million common shares outstanding at that time.

By December 31, 2000, FPI had repurchased 349,900 shares of the 500,000 authorized under the bid. The average cost of repurchased shares was $8.98. The Company had approximately 15.0 million shares outstanding as at December 31, 2000.

On February 27, 2001, FPI received approval from The Toronto Stock Exchange to amend its normal course issuer bid to increase the number of common shares subject to the bid to 700,000 from 500,000 shares. As of February 27, 2001, the Company had purchased 469,300 common shares since April 24, 2000.

FPI's capital structure remains strong with long-term debt comprising 24.3% of its capital structure at December 31, 2000, compared with 25.6% the year earlier. Long-term debt totalled $62.3 million at year-end 2000, equal to that at year-end 1999. This total reflects the classification as long-term debt of $10 million in short-term debt associated with the term debt financing completed in January 2001. Principal payments totalled $8.4 million in 2000.

The Company does not have a concentration of credit risk with any one customer. Its ten largest customers account for approximately 31% of total sales, with no single customer accounting for more than 7%.

OTHER ISSUES

The Canadian Institute of Chartered Accountants has issued new accounting standards with respect to future income taxes and employee future benefits that the Company adopted effective January 1, 2000.

The recommendations for future income taxes have been applied retroactively with restatement of prior period financial statements. As at January 1, 2000, net future income tax assets were increased by $18.0 million with a corresponding increase in retained earnings ($1.19 per share). These adjustments were primarily a result of recognizing a future tax asset with respect to the excess of the tax basis over the carrying value of capital assets of the Canadian subsidiary. The effect on the year ended December 31, 2000 was to decrease net income by $2.7 million ($0.18 per share) and to decrease net income for the year ended December 31, 1999 by $2.0 million ($0.15 per share).

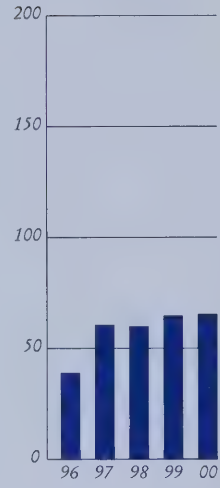
The recommendations for pension and other non-pension post-retirement benefits have been applied on a prospective basis. The estimated net future benefit of $14.4 million resulting from these changes is being amortized on a straight-line basis over the average remaining service period of the active employees expected to receive benefits. The Company is also accruing the cost of non-pension post-retirement benefits that were previously recognized on a cash basis.

International Fish Protein ("IFP") is a joint venture company 60% owned by the Company and 40% by Europro S.A. of France. IFP, which operated a fish protein hydrolysate plant at Marystown, Newfoundland, ceased production in March 1994 due to a lack of raw material. The plant has been mothballed until such time as commercially viable quantities of raw material become available.

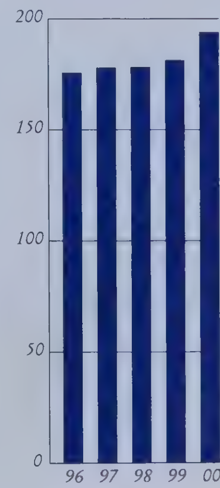
OUTLOOK

FPI is entering 2001 with solid momentum from its performance in 2000. However, the Company anticipates challenges from expected further reductions in cod and crab quotas, as well as the possibility of a North American recession. While it is unclear the extent to which these factors might affect its performance, FPI is currently targeting for increased sales and improved profitability for 2001.

Long-Term Debt
(millions of dollars)



Shareholders' Equity
(millions of dollars)



Corporate Governance

The governance of the Company is the responsibility of FPI's Board of Directors. Corporate Governance refers to the processes and procedures undertaken to effectively manage the affairs of a corporation from the actual operation of the Board to the corporation's relationships with its shareholders, customers, creditors, employees, and the community at large. FPI's Board of Directors is committed to high standards of Corporate Governance. The Board has considered the governance guidelines adopted by The Toronto Stock Exchange and believes it conforms, in all material respects, to the objectives of those guidelines.

BOARD OPERATION

The mandate of the Board of Directors is to protect the interests of shareholders and to supervise the management of the business affairs of the Company with the objective of enhancing shareholder value.

The Board's main areas of responsibility include: (i) participating in the development of strategic and operating plans; (ii) setting financial goals; (iii) identifying key risks and approving systems to manage these risks; (iv) approving financial statements; (v) reviewing and approving capital spending; (vi) overseeing communication with shareholders; (vii) developing and updating the Company's approach to Corporate Governance; (viii) reviewing the integrity of the Company's internal controls; and (ix) overseeing the management information systems. In addition, it is responsible for senior management succession planning, dividend policy, and environmental matters.

The Board has established Corporate Governance practices which enable it to carry out its responsibilities in an effective manner. There are six regularly scheduled meetings of the Directors held each year.

As well, special meetings are held as required. Prior to each Board meeting, the Directors receive a comprehensive information package, including the agenda, minutes of the previous meeting, presentations, and other materials relating to business items on the agenda. Orientation for new Directors includes meetings with the Chief Executive Officer and Chief Financial Officer focusing on business operations, financial results and strategic matters.

Certain duties have been delegated to the three Committees of the Board: (i) Audit Committee; (ii) Human Resources Committee; and (iii) Growth and Diversification Committee. The Chairperson of each Committee reports to the full Board after each meeting of the Committee.

BOARD INDEPENDENCE

The Board currently consists of twelve members. The Board believes its size is appropriate and permits the active participation of all members. It is Board policy that the Chief Executive Officer is the only member of management who can serve as a member of the Board. In 2000 all other Board members were unrelated within the meaning of The Toronto Stock Exchange guidelines. The membership of each Board Committee is comprised entirely of unrelated Directors. In addition, any individual Director can engage an outside advisor at the expense of the Company, with the concurrence of the Human Resources Committee.

Comprehensive job descriptions for the Board and for the Chairman and Chief Executive Officer are in place. The Company's objectives for the Chief Executive Officer are approved by the Board annually. The Human Resources Committee annually assesses the performance of the Chief Executive Officer against these objectives.

The positions of Chairman and Chief Executive Officer are combined. The Board of Directors believes that it has taken appropriate steps to ensure that the Board is able to act independently of management.

As part of the Board's Corporate Governance system, the Chairperson of the Human Resources Committee has been designated the role of lead Director to deal with matters concerning Corporate Governance, including overseeing the Board's relationship with senior management. As well, at each regularly scheduled meeting, the Board follows the practice of holding discussions in the absence of the Chief Executive Officer and other members of management.

SHAREHOLDER COMMUNICATIONS

The Board believes that its communications with shareholders, and the avenues available for shareholders and others interested in the Company to have their enquiries about the Company answered, are responsive and effective. The Chairman and Chief Executive Officer, Executive Vice-President, Finance and Business Development, and Corporate Treasurer are responsible for investor relations and shareholder enquiries.

Shareholders' enquiries are treated on a priority basis with prompt responses from the appropriate officer of the Company. In addition, a significant portion of the Company's communications with its shareholders is reviewed by the Board prior to distribution to the shareholders, including its annual report, annual financial statements, management's discussion and analysis, annual information form, quarterly results and comments of management thereon, and the Company's Management Information Circular.

BOARD COMMITTEES

There are three Committees of the Board: Audit Committee, Human Resources Committee, and Growth and Diversification Committee.

The Audit Committee reviews, reports, and provides recommendations to the Board on the annual and interim consolidated financial statements and the integrity of the financial reporting of the Company. It also makes recommendations regarding the appointment, terms of engagement, and proposed fees of the external auditors. The Committee is composed entirely of unrelated Directors. It meets separately with senior management, the chief internal auditor, and the external auditors to ensure that the Committee's responsibilities are properly discharged with respect to financial statement presentation and disclosure and the review of internal controls and internal audit reports.

The Human Resources Committee reviews, reports and provides recommendations to the Board on: (i) the remuneration of senior executives; (ii) succession planning for officers and other executives; (iii) the performance of the Chief Executive Officer and other officers; (iv) the performance and integrity of the Company's pension plans; (v) the appropriateness of Directors' remuneration; (vi) nomination of candidates for election to the Board; and (vii) the effectiveness of the Board of Directors and its Committees and the performance of Directors. The Committee is also responsible for all matters related to Corporate Governance. The Chairperson of this Committee has been designated the role of lead Director overseeing the Board's relationship with senior management.

The Growth and Diversification Committee provides counsel to management with respect to their ongoing consideration of opportunities for acquisitions, mergers, or strategic alliances which relate to the growth, diversification, and further internationalization of the business of the Company. The Committee reviews, reports and, where appropriate, provides recommendations to the Board on such opportunities.

Corporate Directory

BOARD OF DIRECTORS

James C. Baillie
Toronto, Ontario
Counsel
Torys

R. William Blake, Ph.D.
St. John's, Newfoundland
Dean
Faculty of Business Administration
Memorial University of Newfoundland

Bruce C. Galloway
Oakville, Ontario
Executive-in-Residence
Acadia University

Janet C. Gardiner, FCA
St. John's, Newfoundland
Treasurer
Chester Dawe Limited

Michael F. Harrington
St. John's, Newfoundland
Senior Partner
Stewart McKelvey Stirling Scales

Albert E. Hickman
St. John's, Newfoundland
President
Hickman Motors Limited

Thomas E. Kierans
Toronto, Ontario
Chairman
Canadian Institute for Advanced Research

Reverend Desmond T. McGrath
Burlington, Ontario
Education Officer
Fish, Food, and Allied Workers

Frances M. Nichols, FCA
Grand Falls – Windsor, Newfoundland
Chartered Accountant

Elizabeth Parr-Johnston, Ph.D.
Fredericton, New Brunswick
President and Vice-Chancellor
University of New Brunswick

Vincent G. Withers
St. John's, Newfoundland
Company Director

Victor L. Young
St. John's, Newfoundland
Chairman and Chief Executive Officer
Fishery Products International Limited

HONOURARY DIRECTORS

Henry Collingwood
St. John's, Newfoundland
Chairman
Baine, Johnston and Company Limited

Paul G. Desmarais
Montréal, Québec
Chairman of the Executive Committee
Power Corporation of Canada

COMMITTEES OF THE BOARD OF DIRECTORS

Audit

Vincent G. Withers
(Chairperson)

R. William Blake
Janet C. Gardiner
Michael F. Harrington
Rev. Desmond T. McGrath
Frances M. Nichols

Growth & Diversification

James C. Baillie
(Chairperson)

Bruce C. Galloway
Michael F. Harrington
Albert E. Hickman
Thomas E. Kierans
Elizabeth Parr-Johnston

Human Resources

Albert E. Hickman
(Chairperson)

James C. Baillie
R. William Blake
Bruce C. Galloway
Thomas E. Kierans
Vincent G. Withers

Corporate Directory *(continued)*

OFFICERS AND SENIOR MANAGEMENT

Gerard M. Beresford
Corporate Treasurer
FPI

Randolph G. Bishop
Vice-President
Sales and Marketing
FPI

Daniel E. Carlin
Senior Vice-President
Sales and Marketing
FPI Inc.

Peter R. Colbourne
General Manager and
Vice-President
Finance and Administration
FPI Inc.

Kevin J. Coombs
Vice-President
Corporate Affairs
FPI

John M. Dominic
Chief Information Officer
FPI

David W. Foster
Director Fleet Operations
and Engineering
FPI

Gabriel M. Gregory
Executive Vice-President
Atlantic Operations
FPI

Mag J. Kassis
Vice-President
FPI

Paul J. Kavanagh
Corporate Controller
FPI

Mark D. Leslie
Vice-President
Corporate Procurement
FPI

David G. Norris
Executive Vice-President
Finance and Business
Development
FPI

Michael E. Riley
Vice-President
Commodity Sales
FPI Inc.

Alexander J. Roche
Executive Vice-President
International Marketing
FPI

Michael E. Sirois
Vice-President
National Accounts and
Research and Development
FPI Inc.

Kurt G. Strey
Managing Director
FPI GmbH

Victor L. Young
Chairman and
Chief Executive Officer
FPI

Edgar A. Zachko
Vice-President
Operations
FPI Inc.

SUBSIDIARY COMPANIES

Fishery Products International Limited
Fishery Products International, Inc.
Fishery Products International (Europe) GmbH
Fishery Products International (Europe) Limited

AUDITORS

Ernst & Young LLP

BANKERS

Bank of Nova Scotia
Royal Bank of Canada

Summary of Quarterly Data

Dollars in thousands, except per share data, unaudited		First	Second	Quarter Third	Fourth	Total
Fiscal 2000	**Sales**	**$ 159,181**	**188,006**	**188,208**	**187,758**	**723,153**
	Net income	**2,855**	**3,472**	**4,053**	**3,173**	**13,553**
	Net income per share:					
	Basic	**0.19**	**0.23**	**0.27**	**0.21**	**0.90**
	Fully diluted	**0.18**	**0.22**	**0.26**	**0.20**	**0.86**
Fiscal 1999	Sales	$ 162,380	162,650	188,294	195,587	708,911
	Net income	1,858	856	2,530	2,475	7,719
	Net income per share:					
	Basic	0.12	0.06	0.17	0.16	0.51
	Fully diluted	0.11	0.06	0.16	0.16	0.49

Shareholder Information

PRICE RANGE OF SHARES

The common shares of FPI Limited trade on The Toronto Stock Exchange. The following table sets forth, for each quarter of 2000, the volume traded and the high, low, and closing sales prices of the common shares as reported by the exchange (prices in dollars):

Quarter	Volume	High	Low	Close
First	3,899,338	10.25	7.80	9.90
Second	1,099,717	10.00	7.75	8.75
Third	452,069	9.75	8.00	9.00
Fourth	863,172	9.35	8.65	9.00

DIVIDENDS

In 2000, the Board of Directors declared a quarterly dividend of 3 cents per share (annual rate of 12 cents per share) that was paid in March and quarterly dividends of 3.75 cents per share (annual rate of 15 cents per share) that were paid in each of June, September, and December.

On February 27, 2001, the Board of Directors increased the quarterly dividend to 4.5 cents per share (annual rate of 18 cents).

INVESTOR INFORMATION

Chief Financial Officer
FPI Limited
70 O'Leary Avenue
Newfoundland A1C 5L1
Telephone: (709) 570-0190
Telefax: (709) 570-0209
e-mail: dnorris@fpil.com

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
Halifax, Montréal, Toronto, Winnipeg, Calgary, and Vancouver.

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Delta St. John's Hotel and Conference Centre, St. John's, Newfoundland, Canada on Tuesday, May 1, 2001 at 11:00 a.m.

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: FPL

Major Sales Offices

CANADA

Head Office
St. John's, Newfoundland
70 O'Leary Avenue
P.O. Box 550
St. John's, Newfoundland
A1C 5L1
Telephone: (709) 570-0000
Telefax: (709) 570-0479

Calgary, Alberta
702, 7015 MacLeod Trail South
Calgary, Alberta
T2H 2K6
Telephone: (403) 258-2299
Telefax: (403) 258-2505

Montréal, Québec
9960 Côte de Liesse
Lachine, Québec
H8T 1A1
Telephone: (514) 636-5114
Telefax: (514) 636-7606

Vancouver, British Columbia
3291 #6 Road
Richmond, British Columbia
V6V 1P6
Telephone: (604) 273-1189
Telefax: (604) 273-3166

Toronto, Ontario
3800 Steeles Avenue West
Suite 100 W
Woodbridge, Ontario
L4L 4G9
Telephone: (905) 851-6771
Telefax: (905) 851-5703

UNITED STATES

Danvers, Massachusetts
18 Electronics Avenue
Danvers, Massachusetts 01923
Telephone: (978) 777-2660
Telefax: (978) 777-7458

Seattle, Washington
5309 Shilshole Avenue, NW
Suite 220
Seattle, Washington 98107
Telephone: (206) 782-9979
Telefax: (206) 782-9976

EUROPE

Reading, England
924 Oxford Road
Tilehurst, Reading
Berkshire, England
RG30 6TB
Telephone: +44-118-9425544
Telefax: +44-118-9410051

Cuxhaven, Germany
Schillerstrasse 2
D-27472 Cuxhaven, Germany
Telephone: +49-4721-71960
Telefax: +49-4721-719660

ASIA

Dalian, China
Suite 1902
China Life Insurance Building
26 Renmin Road
Dalian, China
Telephone: +86-411-2654629
Telefax: +86-411-2654639

WEB SITE

www.fpil.com

E-MAIL

fpi@fpil.com

This annual report is printed on 100% recyclable paper. Vegetable-based inks have been used throughout.

Printed in Canada

The National Fisheries Institute ("NFI") has honoured Fishery Products International with a major award recognizing FPI's commitment to responsible fishing practices.

The NFI represents more than 800 companies worldwide involved in all aspects of the international seafood industry.

Head Office

70 O'Leary Avenue, P.O. Box 550, St. John's, Newfoundland, Canada A1C 5L1

Telephone: (709) 570-0000 Telefax: (709) 570-0479 Web site: www.fpil.com